



## Summary

### Main Features

**10/10/2007 Note:** This datacube has been re-released to correct some minor errors in the relative standard errors (RSEs) published on Thursday 2 August 2007 in Household Income and Income Distribution, Australia, 2005-06 (cat. no. 6523.0). The errors affected RSE data in Tables 7 and 12. The corrections apply to the RSEs for median gross income for the lowest net worth quintile in Table 7 and to the mean gross household income, mean equivalised disposable household income and mean household net worth in Table 12. The impact of the changes is minimal, as the majority of the RSEs decreased and the only one that increased rose by 0.4%.

### NOTES

#### ABOUT THIS PUBLICATION

This publication presents estimates of the income, net worth and other characteristics of households and persons resident in private dwellings in Australia, compiled from the 2005-06 Survey of Income and Housing (SIH). It includes estimates of the distributions of both income and wealth across the population.

#### CHANGES IN THIS ISSUE

Changes in this issue which have impacted on the data include:

- a smaller sample of 19,212 persons for 2005-06 compared to 22,315 for 2003-04. For further information refer to paragraph 40 of the Explanatory Notes.
- the inclusion of all salary sacrificed amounts in wages and salaries estimates for 2003-04 and 2005-06. In previous issues estimates have included only some salary sacrificed amounts. Some of the 2003-04 income estimates included in this issue have therefore been revised to include additional salary sacrificed amounts (in Tables 1 to 3 and A3). See Appendix 4 for more information.
- the use of more detailed age benchmarks when determining the weights to be allocated to each unit in 2005-06 estimates. For further information refer to paragraph 52 of the Explanatory Notes.
- minor errors in a few numbers appearing in the previous issue for Tables 1, 2 and 3 for the years 1994-95 to 1997-98 have been corrected.

#### EFFECTS OF ROUNDING

Where figures have been rounded, discrepancies may occur between sums of the component items and totals. Published percentages are calculated prior to rounding of the figures and therefore some discrepancy may exist between these percentages and those that could be calculated from the rounded figures.

#### INQUIRIES

For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or Jan Gatenby on Canberra (02) 6252 6174, email [living.conditions@abs.gov.au](mailto:living.conditions@abs.gov.au).

## Summary of findings

## SUMMARY OF FINDINGS

### INTRODUCTION

The economic wellbeing of individuals is largely determined by their command over economic resources. People's income and reserves of wealth provide access to many of the goods and services consumed in daily life. This publication provides indicators of the level and distribution of after tax (disposable) household cash income and wealth, after adjusting for household size and composition.

The estimates of disposable income in this publication are derived by deducting estimates of income tax liability and the Medicare levy from the gross cash income data collected in the Survey of Income and Housing (SIH). Gross cash income is defined as regular and recurring cash receipts from wages and salaries (including salary sacrifice), profit/loss from own unincorporated business, investment income in the form of interest, rent and dividends, private transfers in the form of superannuation, child support, other transfers from other households, and cash transfers from government pensions and allowances. The restriction to cash incomes is one of practical measurement and is assessed to provide a broad picture of the level and distribution of income. However, readers are advised that the relative mix of cash and non-cash incomes across subpopulations will be different, and can change over time.

While income is usually received by individuals, it is normally shared between partners in a couple relationship and with dependent children. To a lesser degree, there may be sharing with other members of the household. Even when there is no transfer of income between members of a household, nor provision of free or cheap accommodation, members are still likely to benefit from the economies of scale that arise from the sharing of dwellings. The income measures shown in this publication therefore relate to household income.

However, larger households normally require a greater level of income to maintain the same material standard of living as smaller households, and the needs of adults are normally greater than the needs of children. The income estimates are therefore adjusted by equivalence factors to standardise the income estimates with respect to household size and composition, while taking into account the economies of scale that arise from the sharing of dwellings. The equivalised disposable income estimate for any household in this publication is expressed as the amount of disposable cash income that a single person household would require to maintain the same standard of living as the household in question, regardless of the size or composition of the latter.

Appendix 3 provides a more detailed explanation of equivalised disposable household income. It shows the differences in income measures when calculated from data at different stages in progression from gross household income, through disposable household income, to person weighted equivalised disposable household income.

### KEY RESULTS

Some of the key income results from the 2005-06 SIH are:

- for households with middle and high income levels in 2005-06, wages and salaries were the principal source of income, while for low income households government pensions and allowances were the principal income source
- middle income households contained more people on average than both low and high income households, but contained considerably fewer employed persons than high income households (1.5 compared to 1.9)
- low income households had on average 0.6 employed persons
- people living in households where the reference person was aged 65 and over had the lowest mean incomes in 2005-06
- people aged 65 and over who were living alone were more likely than couples where the reference person was aged 65 and over to have government pensions and allowances as their principal source of income (78% compared to 68%)
- people aged 65 and over who were living alone were less likely than older couples to own their own home without a mortgage (74% compared to 86%)
- average incomes in the capital cities in Australia were 16% above those outside the capital cities
- average incomes in the Australian Capital Territory and in the not very remote parts of the Northern Territory were well above the national average
- incomes in Tasmania and South Australia were below the national average by 15% and 6% respectively
- while it is difficult to assess changes in income distribution over time due to the methodological improvements introduced with the 2003-04 survey, it appears that there has been no significant change in income inequality from the mid 1990s to 2005-06
- in real terms, average equivalised disposable household income in 2005-06 (\$644 per week) was 10% higher than in 2003-04 (\$585 per week)

- the incomes of households considered to have the lowest levels of economic wellbeing (i.e. those people with household income between the bottom 10% and bottom 30% of incomes) grew by 8% (\$24 per week) from 2003-04 to 2005-06, an 8% growth was also recorded for middle income people compared to 13% for high income people
- over the period from 1994-95, there was a 31% increase in the real mean income of low income people, compared to 32% for middle income people and 36% for high income people, but methodological changes may have had some impact on the comparability of these estimates.

Some of the key net worth results from the 2005-06 SIH are:

- the wealthiest 20% of households in Australia account for 61% of total household net worth, with average net worth of \$1.7 million per household
- the poorest 20% of households account for 1% of total household net worth, with an average net worth of \$27,000 per household
- the households in which the 20% of people with the lowest equivalised household incomes live account for 15% of total household net worth, similar to the shares of net worth held by the households with people in the second and third equivalised household income quintiles
- the households in which the 20% of people with the highest equivalised household incomes live account for 39% of total household net worth.

## **SALARY SACRIFICE**

In this publication, wages and salaries estimates for 2003-04 and 2005-06 include all benefits received through salary sacrifice arrangements. In previous issues of this publication, salary sacrificed amounts were only included in the wages and salaries estimates where the respondent had included this amount indistinguishably with their reported gross wages and salary figure. In the 2003-04 survey, separate questioning identified that about two thirds of salary sacrificed amounts had been included in the reported gross wages and salaries. The 2003-04 income estimates in Tables 1 to 3, A3 in Appendix 2 and A6 in Appendix 4 have been revised to include all salary sacrificed amounts. Estimates for years prior to 2003-04 do not include any adjustments for salary sacrifice not already reported indistinguishably in wages and salaries.

In 2005-06, the change to include all salary sacrificed amounts has meant that the estimate of weekly mean equivalised disposable household income (\$644) is \$5 higher than it otherwise would have been, while the estimate for 2003-04 has been revised up by \$5 per week (from \$580 to \$585 when adjusted by the Consumer Price Index to be in 2005-06 dollars).

For more information on salary sacrifice see Appendix 4.

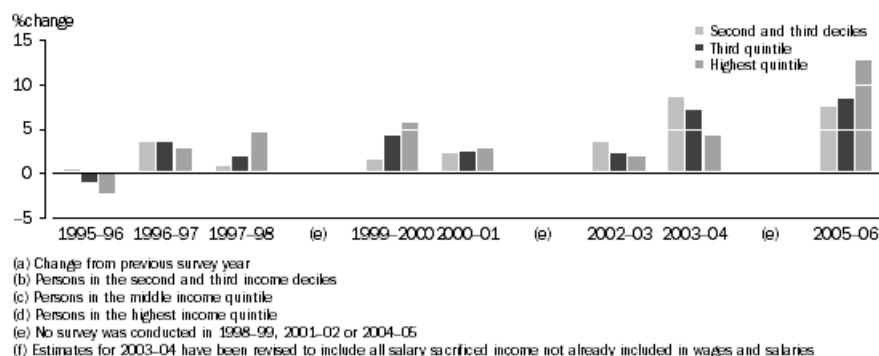
## **HOUSEHOLD INCOME**

In 2005-06, average (mean) equivalised disposable household income for all persons living in private dwellings (i.e. the income that a single person household would require to maintain the same standard of living as the average person living in all private dwellings in Australia) was \$644 per week (Table 1). There were approximately 19.9 million people living in private dwellings.

In real terms, average equivalised disposable household income in 2005-06 (\$644) was 10% higher than in 2003-04 (\$585) and 34% higher than in 1994-95 (\$481).

For low income people (represented by the 20% of people with household income between the bottom 10% and bottom 30% of incomes), average equivalised disposable household income grew by 8% (\$24 per week) from 2003-04 to 2005-06, 8% was also recorded for middle income people and 13% for high income people. Over the period from 1994-95, there was a 31% increase in the real mean incomes of low income people compared to 32% for middle income people and 36% for high income people.

### **S1. Changes in mean real equivalised disposable household income(a)**



## Household characteristics

Households with different characteristics tend to have different income levels, as shown in Table 6, and summarised in the following table. Wages and salaries were the principal source of income (PSI) for households with middle and high income levels in 2005-06, while government pensions and allowances dominated for low income households. However, low income households had the highest incidence of full ownership of their home, reflecting the high proportion of older people in the low income category.

### S2. Household characteristics 2005-06, By income group

		Low income(a)	Middle income(b)	High income(c)
Mean equivalised disposable household income per week	\$	341	565	1 239
Has PSI of wages and salaries(d)	%	26.5	78.1	85.6
Has PSI of government pensions and allowances(d)	%	61.6	4.2	-
Owens home without a mortgage	%	45.9	28.6	26.7
Owens home with a mortgage	%	19.6	41.9	50.3
Rents from state/territory housing authority	%	7.6	1.5	*0.4
Rents from private landlord	%	22.5	24.3	19.9
Average number of persons in the household	no.	2.5	2.8	2.5
Average number of employed persons in the household	no.	0.6	1.5	1.9

\* estimate has a relative standard error of 25% to 50% and should be used with caution

- nil or rounded to zero (including null cells)

(a) Persons in the second and third income deciles

(b) Persons in the middle income quintile

(c) Persons in the highest income quintile

(d) Principal source of income (PSI)

Middle income households contained more people on average than high income households (2.8 compared to 2.5) but contained considerably fewer employed persons (1.5 compared to 1.9). In part, this reflects the different age profiles of the two groups. Table 6 shows that middle income households had an average of 0.8 persons under the age of 18 and 0.2 aged 65 and over, compared to 0.4 and 0.1 respectively for high income households. Low income households had an average of 0.6 employed persons, and housed an average of 2.5 persons. Of these, 0.7 were under 18 years, 1.1 were 18 to 64 years, and 0.6 were aged 65 years and over.

The characteristics of Australian households are changing over time. Table 3 shows that the average number of persons per household declined from 2.69 to 2.51, or about 7%, between 1994-95 and 2005-06, with more than half the decline being in the under 18 age group. The proportion of lone person households, couple only households and households comprising one parent with dependent children all increased. Each principal source of income retained its relative importance between 1994-95 and 2005-06, with 59.3% of households primarily dependent on wages and salaries in 2005-06. The proportion of households reliant on government pensions and allowances was 26.1% in 2005-06, down from 27.7% in 2003-04 and 28.5% in 1994-95. Over the last decade, home ownership remained relatively stable at around 70% of households, but an increasing proportion of owners had a mortgage.

## Life cycle stages

Income levels across the population partly reflect the different life cycle stages that people have reached. A typical life cycle includes childhood, early adulthood, and the forming and maturing of families, as illustrated in Table 12. Other family situations and household compositions are shown in Table 11. The following table compares households in different life cycle stages.

### S3. Income and household characteristics for selected life cycle groups, 2005-06

	Number of households	Average number of persons	Average number of employed persons	Average number of dependent children	Proportion with government pensions and allowances as PSI(a)	Mean equivalised disposable household income per week	Proportion owning home without a mortgage
	'000	no.	no.	no.	%	\$	%
Lone person aged under 35	369.3	1.0	0.9	-	10.8	666	*3.5
Couple only, reference person under 35	423.5	2.0	1.9	-	*2.0	888	*2.7
Couple with dependent children only							
Eldest child under 5	429.9	3.4	1.5	1.4	3.8	683	6.0
Eldest child 5 to 14	859.4	4.1	1.5	2.1	8.1	642	13.0
Eldest child 15 to 24	469.3	4.2	2.3	2.2	7.0	660	29.5
Couple with Dependent & non-dependent children only	264.4	4.7	3.0	1.5	*5.9	695	25.3
Non-dependent children only	449.3	3.3	2.3	-	11.4	740	50.2
Couple only, reference person 55 to 64	506.8	2.0	1.2	-	19.2	729	61.1
Couple only, reference person 65 and over	678.8	2.0	0.2	-	67.6	458	86.4
Lone person 65 and over	744.3	1.0	0.1	-	77.6	363	74.0
One parent, one family households with dependent children	538.6	3.0	0.8	1.7	50.9	446	12.8

\* estimate has a relative standard error of 25% to 50% and should be used with caution

- nil or rounded to zero (including null cells)

(a) Principal source of income (PSI)

Younger couples without children had the highest mean equivalised disposable household income of \$888 per week, with an average of 1.9 employed persons in the household. For couples with dependent children only, and with the eldest child being under five, mean equivalised disposable household income was \$683 per week (23% lower than for the young couples without children). This lower income, principally reflects the lower average number of employed persons in these households (1.5) and the larger average number of persons in these households (3.4) over which incomes are shared.

Average incomes were higher for households with non-dependent children, reflecting higher proportions of employed persons in these households, but were lower again for households comprising older couples and lone persons, where the numbers of employed persons were substantially lower.

People living in households where the reference person was aged 65 and over had the lowest mean incomes, with lone persons' incomes at \$363 per week, somewhat lower than for older couple only households where the reference person was aged 65 and over and mean incomes were \$458 per week. Older lone persons were more likely than older couples to have government pensions and allowances as their principal source of income (78% compared to 68%), while couples were more likely to fully own their home (86% compared to 74%).

Households comprising one parent with dependent children had a mean income of \$446 per week, similar to that of older couples (\$458 per week), but only 13% fully owned their home and therefore a substantially greater proportion had to make mortgage or rental payments from their income. Of these households, 51% had government pensions and allowances as their principal source of income. On average there were 0.8 employed persons in the household.

#### States and territories

There were considerable differences in the average levels of income between the states and territories (see Table 16). However, not all the differences were large enough to be regarded as statistically significant at the 95% confidence level (see Appendix 5).

Tasmania's mean equivalised disposable household weekly income was 15% below the national average and South Australia was 6% below. In Table 16, the Australian Capital Territory and the Northern Territory are shown to have the highest mean incomes (22% and 12% above the national average respectively). The high income levels reflect in part the younger age profile of the ACT and NT and the greater number of employed persons per household.

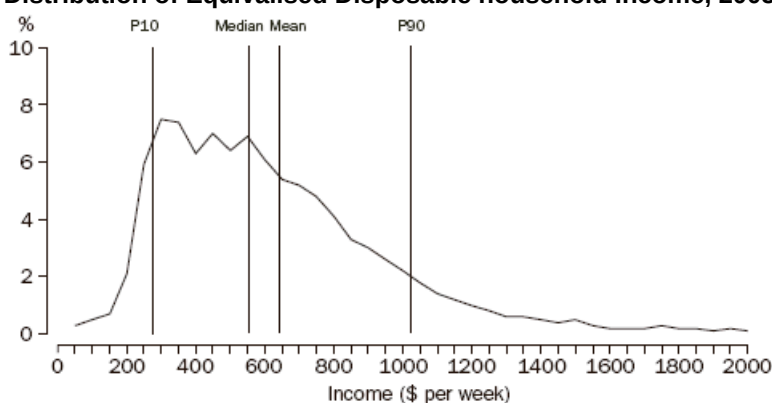
However, it also reflects the exclusion from the results of households in collection districts in the NT defined as very remote which, if included, would be likely to reduce the mean income in that territory. This potential for an overestimated mean income in the NT is based on the large relative size of the very remote population for that territory. New South Wales recorded a mean equivalised disposable household weekly income 2% above the national average.

There are also considerable differences between the equivalised disposable household incomes recorded in capital cities in Australia compared to those earned elsewhere. At the national level, mean incomes in the capital cities were 16% above those in the balance of state, with all states (separate information is not available for the ACT and NT) recording capital city mean incomes above those in the balance of state. The largest differences recorded were for NSW and Tasmania where the capital city incomes were 25% and 17% respectively, above the mean incomes across the rest of the state.

## INCOME DISTRIBUTION

While the mean equivalised disposable household income of all households in Australia in 2005-06 was \$644 per week, the median (i.e. the midpoint when all people are ranked in ascending order of income) was somewhat lower at \$563 (shown as P50 in Table 1). This difference reflects the typically asymmetric distribution of income where a relatively small number of people have relatively very high household incomes, and a large number of people have relatively lower household incomes, as illustrated in the following frequency distribution graph.

**S4. Distribution of Equivalised Disposable household Income, 2005-06**



Note: Persons with an income between \$25 and \$2,025 are shown in \$50 ranges on the graph

Percentile ratios are one measure of the spread of incomes across the population. P90 (i.e. the income level dividing the bottom 90% of the population from the top 10%) and P10 (i.e. dividing the bottom 10% of the population from the rest) are shown on the above graph. In 2005-06, P90 was \$1,073 per week and P10 was \$274 per week, giving a P90/P10 ratio of 3.92. Changes in these ratios can provide a picture of changing income distribution over time.

Another measure of income distribution is provided by the income shares going to groups of people at different points in the income distribution. The following table shows that, in 2005-06, 10.6% of total equivalised disposable household income went to people in the 'low income' group (i.e. the 20% of the population in the 2nd and 3rd income deciles), with 38.5% going to the 'high income' group (i.e. the 20% of the population in the highest income quintile).

The Gini coefficient is a single statistic that lies between 0 and 1 and is a summary indicator of the degree of

inequality, with values closer to 0 representing a lesser degree of inequality, and values closer to 1 representing greater inequality. For 2005-06, the Gini coefficient was 0.307. The inclusion of all salary sacrificed amounts in 2003-04 increased the Gini coefficient for that year from 0.294 to 0.297.

Some of the change in some of the income distribution measures between 2003-04 and 2005-06 reflects the changes in personal income tax rates and thresholds. For example, if the 2003-04 taxation rates and thresholds had been applied to 2005-06 incomes, the Gini coefficient would have been 0.303 rather than 0.307. The higher numbers of employed persons per household, the very strong growth in total wages reported between 2003-04 and 2005-06 (up 17%), and the strong rise in reported investment incomes (up 38%) will also have impacted on the summary distributional measures.

While it is difficult to assess changes in income distribution over longer time periods due to the methodological improvements introduced with the 2003-04 survey, it appears that there has been no significant change in income inequality from the mid 1990s to 2005-06. The change in income distribution since 1994-95 is affected by the inclusion of all salary sacrificed amounts in 2003-04 and 2005-06, and the exclusion of an unknown amount in 1994-95.

Please refer to Appendix 1 for more information on analysing income distribution.

#### S5. Selected income distribution indicators, EQUIVALISED DISPOSABLE HOUSEHOLD INCOME

			1994-95	1995-96	1996-97	1997-98	1999-2000	2000-01	2002-03	2003-04	2005-06
Ratio of incomes at top of selected income percentiles											
	P90/P10	ratio	3.78	3.74	3.66	3.77	3.89	3.97	4.00	3.75	3.92
	P80/P20	ratio	2.56	2.58	2.54	2.56	2.64	2.63	2.63	2.50	2.55
	P80/P50	ratio	1.55	1.57	1.56	1.56	1.57	1.56	1.57	1.51	1.54
	P20/P50	ratio	0.61	0.61	0.61	0.61	0.59	0.59	0.60	0.61	0.60
Percentage share of total income received by persons with											
	Low income(a)	%	10.8	11.0	11.0	10.8	10.5	10.5	10.6	10.8	10.6
	Middle income(b)	%	17.7	17.7	17.8	17.7	17.7	17.6	17.6	17.8	17.6
	High income(c)	%	37.8	37.3	37.1	37.9	38.4	38.5	38.3	37.6	38.5
Gini coefficient			no.	0.302	0.296	0.292	0.303	0.310	0.311	0.309	0.297
				0.294							

(a) Persons in the second and third income deciles

(b) Persons in the middle income quintile

(c) Persons in the highest income quintile

## WEALTH DISTRIBUTION

The distribution of net worth across households is very unequal, partly reflecting the common pattern of people gradually accumulating wealth throughout their working life. In 2005-06 the 20% of households with the lowest net worth accounted for only 1% of total household net worth, with an average net worth of \$27,000 per household.

The distributional pattern of net worth is also marked when considered in terms of sources of income. Households where the principal source of household income (PSI) is 'other' income (principally investment income) had average household net worth of \$1.6 million, while for those where the PSI was government pensions and allowances the average household net worth was \$277,000. Net worth in renter households was on average only about 11% of the net worth in owner households with no mortgage, and about 16% of the net worth of owner households with a mortgage.

The picture of wealth is a little different and more equally distributed when viewed from the perspective of the distribution of incomes. The households in which the 20% of people with the lowest household incomes live account for 15% of total household net worth, similar to the shares of net worth held by the households with people in the second and third household income quintiles. The households in which the 20% of people with the highest household incomes live account for 39% of total household net worth.

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## Equivalised Disposable Household Income

### 1 EQUIVALISED DISPOSABLE HOUSEHOLD INCOME

Indicator		1994-95	1995-96	1996-97	1997-98	1999-2000	2000-01	2002-03	2003-04(a)	2005-06
Mean income per week(b)										
Lowest quintile	\$	191	192	203	201	203	206	211	239	255
Second quintile	\$	309	309	321	322	331	339	352	381	414
Third quintile	\$	427	422	437	445	464	475	486	521	565
Fourth quintile	\$	570	568	582	599	623	636	654	682	746
Highest quintile	\$	910	887	912	954	1 008	1 037	1 056	1 100	1 239
All persons	\$	481	476	491	504	526	539	552	585	644
Second and third deciles	\$	260	261	270	272	276	282	292	317	341
Income per week at top of selected percentiles(b)										
10th (P10)	\$	217	216	226	227	229	232	236	260	274
20th (P20)	\$	259	257	268	270	276	282	289	316	340
30th (P30)	\$	309	310	319	323	331	335	353	378	415
40th (P40)	\$	361	360	378	375	392	403	416	449	489
50th (P50)	\$	427	421	436	442	465	475	485	522	563
60th (P60)	\$	493	487	500	516	535	553	562	595	647
70th (P70)	\$	568	566	580	597	618	632	653	677	743
80th (P80)	\$	661	663	679	691	729	739	760	790	867
90th (P90)	\$	819	806	826	855	892	921	943	975	1 073
Income share										
Lowest quintile	%	7.9	8.1	8.3	8.0	7.7	7.7	7.7	8.2	7.9
Second quintile	%	12.8	13.0	13.1	12.8	12.6	12.6	12.8	13.0	12.9
Third quintile	%	17.7	17.7	17.8	17.7	17.7	17.6	17.6	17.8	17.6
Fourth quintile	%	23.7	23.9	23.7	23.8	23.7	23.6	23.7	23.3	23.2
Highest quintile	%	37.8	37.3	37.1	37.9	38.4	38.5	38.3	37.6	38.5
All persons	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Second and third deciles	%	10.8	11.0	11.0	10.8	10.5	10.5	10.6	10.8	10.6
Ratio of incomes at top of selected income percentiles										
P90/P10	ratio	3.78	3.74	3.66	3.77	3.89	3.97	4.00	3.75	3.92
P80/P20	ratio	2.56	2.58	2.54	2.56	2.64	2.63	2.63	2.50	2.55
P80/P50	ratio	1.55	1.57	1.56	1.56	1.57	1.56	1.57	1.51	1.54
P20/P50	ratio	0.61	0.61	0.61	0.61	0.59	0.59	0.60	0.61	0.60
Gini coefficient	no.	0.302	0.296	0.292	0.303	0.310	0.311	0.309	0.297	0.307
Number of households in sample	no.	6 819	6 963	7 245	7 025	6 637	6 786	10 211	11 361	9 961
Factor applied to adjust to 2005-06 dollars	no.	0.751	0.782	0.793	0.793	0.822	0.871	0.924	0.946	1.000

(a) Estimates for 2003-04 have been revised to include salary sacrificed income not already included in wages and salaries

(b) In 2005-06 dollars, adjusted using changes in the Consumer Price Index



# Households and persons by income range

## 2 Households and persons by income range

	1994-95	1995-96	1996-97	1997-98	1999-2000	2000-01	2002-03	2003-04(a)	2005-06
<b>Number of households ('000)</b>									
Gross household income per week(b)									
Negative income	37.8	36.8	33.3	33.3	39.5	40.1	32.1	15.4	19.7
No income	39.2	28.7	34.0	41.2	36.1	46.0	65.5	37.5	19.8
\$1-\$99	80.0	63.6	49.3	67.0	57.7	78.6	82.7	52.8	77.2
\$100-\$199	134.4	181.6	123.4	146.8	173.8	142.4	133.7	105.7	85.2
\$200-\$299	724.9	697.2	709.2	718.7	709.6	770.7	752.3	702.3	687.0
\$300-\$399	571.6	628.1	614.3	582.1	604.3	519.8	526.5	467.0	361.2
\$400-\$499	459.8	455.2	485.7	498.3	489.8	588.4	541.1	606.5	611.5
\$500-\$599	408.9	425.8	408.0	413.5	366.3	428.9	460.5	496.6	435.9
\$600-\$799	715.0	760.0	757.6	760.5	743.1	718.4	771.3	749.5	777.2
\$800-\$999	635.0	605.0	658.5	657.9	675.3	693.9	742.4	728.7	732.4
\$1,000-\$1,199	586.4	571.2	589.2	586.8	589.7	637.5	647.0	683.8	665.4
\$1,200-\$1,399	468.1	521.8	554.0	502.0	528.8	576.3	590.2	628.5	567.6
\$1,400-\$1,599	389.6	434.5	387.0	415.3	432.3	468.8	487.6	492.0	532.0
\$1,600-\$1,799	320.4	324.6	323.6	363.2	335.7	372.3	393.6	428.2	495.0
\$1,800-\$1,999	236.7	234.3	270.2	262.1	289.3	286.1	290.6	351.3	379.2
\$2,000-\$2,499	413.9	361.0	391.5	437.5	503.7	471.3	544.6	556.8	651.3
\$2,500-\$2,999	152.6	139.7	178.0	194.1	221.1	196.6	274.1	292.7	359.4
\$3,000-\$3,999	98.2	123.1	137.9	135.2	222.7	163.4	203.2	210.6	284.0
\$4,000-\$4,999	37.6	40.8	39.1	43.1	57.5	51.5	47.3	70.6	86.3
\$5,000 or more	36.6	24.2	27.0	43.8	44.9	63.9	51.9	59.3	98.8
All households	6 546.6	6 657.2	6 770.6	6 902.3	7 121.2	7 314.9	7 638.2	7 735.8	7 926.2
<b>Number of persons ('000)</b>									
Equivalised disposable household income per week(b)									
No income	170.7	129.6	138.6	169.6	159.5	157.8	175.4	87.1	70.0
\$1-\$49	141.9	108.3	84.2	109.8	128.6	113.8	127.7	99.1	101.8
\$50-\$99	109.8	155.4	114.6	102.4	117.8	112.4	96.3	83.9	85.7
\$100-\$149	251.6	304.6	220.4	248.9	247.6	249.0	218.2	143.0	101.9
\$150-\$199	608.1	655.8	547.5	559.4	540.4	558.7	464.6	310.8	257.2
\$200-\$249	1 917.5	1 900.1	1 838.4	1 662.7	1 563.8	1 369.8	1 363.8	913.1	694.2
\$250-\$299	1 817.6	1 776.2	1 784.8	1 845.8	1 830.7	1 870.3	1 729.3	1 725.9	1 474.2
\$300-\$349	1 688.7	1 772.3	1 707.3	1 770.1	1 613.5	1 665.3	1 549.0	1 660.7	1 477.3
\$350-\$399	1 362.5	1 551.3	1 507.9	1 520.7	1 449.6	1 353.0	1 495.6	1 436.8	1 305.8
\$400-\$449	1 328.5	1 368.9	1 481.5	1 250.0	1 291.2	1 340.5	1 418.8	1 397.2	1 363.7
\$450-\$499	1 350.2	1 305.6	1 411.8	1 304.7	1 312.5	1 289.0	1 479.1	1 387.7	1 305.2
\$500-\$599	2 290.0	2 180.1	2 231.9	2 319.7	2 393.4	2 388.2	2 362.0	2 676.1	2 667.5
\$600-\$699	1 576.8	1 626.6	1 747.0	1 858.3	1 903.6	2 016.8	1 984.6	2 285.9	2 220.8
\$700-\$799	1 055.1	1 152.7	1 274.2	1 257.1	1 403.7	1 322.3	1 457.4	1 578.3	1 885.1
\$800-\$899	736.6	809.3	678.7	815.7	893.0	1 007.5	1 079.6	1 203.9	1 363.2
\$900-\$999	425.3	382.6	497.1	531.6	599.1	666.7	772.3	815.7	1 019.6
\$1,000-\$1,099	311.1	229.3	275.5	297.3	419.4	469.6	524.9	588.7	710.5
\$1,100-\$1,399	283.0	312.5	369.2	417.1	481.4	540.2	639.0	758.7	1 034.4
\$1,400-\$1,699	101.3	81.6	89.1	123.0	146.1	165.7	189.9	230.0	366.1
\$1,700-\$1,999	*20.7	*19.3	*61.6	42.7	67.2	96.0	77.3	115.3	211.4
\$2,000 or more	*61.1	*39.2	*28.1	69.8	90.0	106.2	98.5	108.9	215.2
All persons	17 608.2	17 861.2	18 089.4	18 276.4	18 652.2	18 858.8	19 303.1	19 606.6	19 930.7

\* estimate has a relative standard error of 25% to 50% and should be used with caution

(a) Estimates for 2003-04 have been revised to include salary sacrificed income not already included in wages and salaries

(b) In 2005-06 dollars, adjusted using changes in the Consumer Price Index

## Household characteristics

### 3 Household characteristics

Household characteristics		1994-95	1995-96	1996-97	1997-98	1999-2000	2000-01	2002-03	2003-04(a)	2005-06
Proportion of households with characteristic										
Principal source of household income										
Zero or negative income	%	1.1	1.0	0.9	1.0	0.9	1.1	1.2	0.6	0.5
Wages and salaries	%	57.6	56.8	56.3	56.8	56.7	56.9	58.0	57.5	59.3
Own unincorporated business income	%	6.1	7.3	6.6	6.0	6.4	6.4	6.2	6.0	6.1
Government pensions and allowances	%	28.5	28.0	28.6	28.5	28.7	28.3	26.6	27.7	26.1

Other income	%	6.7	7.0	7.6	7.7	7.3	7.3	8.1	8.2	8.0
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Contribution of government pensions and allowances to gross household income										
Nil or less than 1%	%	41.0	41.4	41.7	43.3	44.7	44.4	46.1	44.3	43.7
1% to less than 20%	%	20.7	20.6	19.9	18.5	17.7	16.9	17.2	18.5	20.2
20% to less than 50%	%	9.0	9.2	9.0	8.9	8.2	9.5	9.0	9.1	9.5
50% to less than 90%	%	6.5	7.4	8.2	7.7	7.8	7.4	7.5	8.8	8.6
90% and over	%	21.8	20.4	20.3	20.7	20.7	20.7	19.0	18.6	17.3
Total(b)	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Tenure and landlord type										
Owner without a mortgage	%	41.8	42.8	41.3	39.5	38.6	38.2	36.4	34.9	34.3
Owner with a mortgage	%	29.6	28.1	28.3	30.9	32.1	32.1	33.1	35.1	35.0
Renter										
State/territory housing authority	%	5.5	6.0	5.6	5.8	5.8	5.0	4.9	4.9	4.7
Private landlord	%	18.4	19.0	20.4	20.0	19.9	21.0	22.0	21.2	22.0
Other landlord type	%	1.7	1.9	2.0	1.5	1.5	1.4	1.3	1.5	1.9
Total renters	%	25.7	26.9	27.9	27.2	27.2	27.4	28.2	27.6	28.5
Other tenure type	%	2.9	2.2	2.4	2.4	2.2	2.3	2.4	2.4	2.2
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Family composition of household										
One family households										
Couple family with dependent children	%	30.5	30.2	29.5	29.7	28.6	27.5	26.8	27.1	26.2
One parent family with dependent children	%	6.0	6.3	6.0	6.8	6.9	7.4	6.9	6.8	6.8
Couple only	%	23.7	23.5	23.6	23.7	23.9	24.3	25.4	26.1	25.8
Other one family households	%	11.5	11.6	10.9	10.9	10.9	10.9	11.2	10.4	11.5
Multiple family households	%	1.3	1.2	1.6	1.3	1.3	1.3	1.2	1.0	1.0
Non-family households										
Lone person	%	22.8	22.9	23.4	23.6	24.4	24.6	25.2	25.4	25.7
Group households	%	4.3	4.3	5.0	4.0	4.1	4.0	3.2	3.2	3.0
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average number in household										
Employed persons	no.	1.22	1.24	1.23	1.23	1.24	1.23	1.23	1.23	1.26
Dependent children	no.	0.73	0.73	0.72	0.73	0.70	0.68	0.65	0.66	0.63
Persons										
Under 18 years	no.	0.71	0.71	0.70	0.70	0.68	0.65	0.62	0.63	0.60
18 to 64 years	no.	1.68	1.67	1.67	1.65	1.64	1.63	1.61	1.59	1.60
65 years and over	no.	0.30	0.30	0.30	0.30	0.30	0.30	0.29	0.31	0.32
Total	no.	2.69	2.68	2.67	2.65	2.62	2.58	2.53	2.53	2.51
Estimated number in population										
Households										
Capital city	'000	4 164.5	4 234.6	4 266.7	4 376.4	4 554.2	4 637.6	4 831.8	4 908.2	5 026.2
Balance of state	'000	2 382.1	2 422.6	2 503.9	2 525.9	2 567.0	2 677.4	2 806.4	2 827.6	2 899.9
Total	'000	6 546.6	6 657.2	6 770.6	6 902.3	7 121.2	7 314.9	7 638.2	7 735.8	7 926.2
Persons	'000	17 608.2	17 861.2	18 089.4	18 276.4	18 652.2	18 858.8	19 303.1	19 606.6	19 930.7
Number of households in sample	no.	6 819	6 963	7 245	7 025	6 637	6 786	10 211	11 361	9 961

(a) Estimates for 2003-04 have been revised to include all salary sacrificed income not already included in wages and salaries

(b) Includes households with nil or negative total income

## Income Quintile, Household characteristics of persons

### 4 INCOME QUINTILES, Household characteristics of persons

Household characteristics	Equivalised disposable household income quintile					All persons		
	Lowest %	Second %	Third %	Fourth %	Highest %	%	'000	Second and third deciles %
Principal source of household income								
Zero or negative income	100.0	-	-	-	-	100.0	68.0	-
Wages and salaries	4.7	17.8	24.8	26.8	25.9	100.0	13209.2	10.5
Own unincorporated business income	15.5	22.8	22.4	18.4	20.9	100.0	1398.8	18.9
Government pensions and allowances	70.6	25.7	3.4	*0.3	-	100.0	4065.1	52.7
Other income	18.8	22.2	21.5	14.6	22.9	100.0	1189.6	16.9
Total	20.0	20.0	20.0	20.0	20.0	100.0	19930.7	20.0
Family composition of household								
One family households								
Couple family with dependent children, reference person aged 15-44								
	14.3	23.7	25.7	21.8	14.6	100.0	5630.2	17.4

45 and over	10.2	15.2	23.4	26.4	24.8	100.0	2925.6	13.5
Total	12.9	20.8	24.9	23.4	18.1	100.0	8555.8	16.1
One parent family with dependent children, reference person aged								
15-44	45.6	31.2	14.9	6.5	*1.8	100.0	1146.6	44.7
45 and over	27.8	27.1	21.2	11.6	12.2	100.0	473.3	22.5
Total	40.4	30.0	16.7	8.0	4.8	100.0	1619.9	38.2
Couple only, reference person aged								
15-44	5.1	7.3	11.7	29.1	46.9	100.0	1200.2	5.3
45-64	17.7	15.0	17.6	18.3	31.4	100.0	1529.8	17.0
65 and over	46.7	29.7	12.0	5.8	5.8	100.0	1357.6	51.6
Total	23.6	17.6	14.0	17.3	27.4	100.0	4087.6	25.1
Other one family households, reference person aged								
15-44	8.3	19.9	18.0	24.1	29.6	100.0	624.7	14.5
45 and over	11.7	18.5	20.6	24.4	24.8	100.0	2039.4	13.8
Total	10.9	18.8	20.0	24.3	26.0	100.0	2664.2	14.0
Multiple family households	*7.8	35.1	21.0	*20.8	*15.3	100.0	433.9	29.1
Non-family households								
Lone person aged								
15-24	30.3	19.4	28.7	*13.2	*8.3	100.0	90.2	18.0
25-44	17.6	7.7	21.9	24.9	27.9	100.0	548.0	7.3
45-64	41.2	11.6	13.7	13.8	19.8	100.0	650.9	13.6
65 and over	67.1	18.8	6.7	4.0	3.5	100.0	744.3	32.7
Total	43.8	13.5	14.0	13.2	15.5	100.0	2 033.3	19.1
Group households	10.5	13.1	19.2	26.6	30.6	100.0	536.0	15.2
Total	20.0	20.0	20.0	20.0	20.0	100.0	19 930.7	20.0
Household includes								
2 or more employed persons	5.0	12.9	22.6	29.3	30.1	100.0	10 546.9	7.7
1 employed person	15.0	32.8	24.5	14.4	13.3	100.0	5 406.3	24.9
No employed person but at least 1 unemployed person	86.8	*10.3	**1.5	-	**1.4	100.0	454.3	44.2
No persons in the labour force, reference person aged								
15-44	83.8	14.3	*1.1	**0.4	**0.5	100.0	718.7	48.5
45-64	66.7	16.7	8.9	*5.1	*2.6	100.0	754.9	34.9
65 and over	56.4	27.7	9.7	3.4	2.8	100.0	2 049.6	49.3
Total	20.0	20.0	20.0	20.0	20.0	100.0	19 930.7	20.0
Persons living in								
Capital city	18.1	18.6	19.4	21.0	22.9	100.0	12 854.5	17.1
Balance of State	23.6	22.4	21.1	18.2	14.7	100.0	7 076.2	25.2
Total	20.0	20.0	20.0	20.0	20.0	100.0	19 930.7	20.0

\* estimate has a relative standard error of 25% to 50% and should be used with caution

\*\* estimate has a relative standard error greater than 50% and is considered too unreliable for general use

- nil or rounded to zero (including null cells)

## Income and income distribution, Household characteristics of persons

### 5 INCOME AND INCOME DISTRIBUTION(a), Household characteristics of persons

Household characteristics	Mean income per week \$	Median income per week \$	P90/P10 ratio	P80/P20 ratio	P80/P50 ratio	P20/P50 ratio	Gini coefficient no.
Principal source of household income							
Wages and salaries	735	665	2.86	1.99	1.41	0.71	0.240
Own unincorporated business income	684	562	3.77	2.40	1.56	0.65	0.322
Government pensions and allowances	307	298	1.98	1.49	1.24	0.83	0.162
Other income	770	544	5.83	2.67	1.71	0.64	0.438
Total(b)	644	563	3.92	2.55	1.54	0.60	0.307
Family composition of household							
One family households							
Couple family with dependent children, reference person aged							
15-44	617	559	3.24	2.12	1.42	0.67	0.267
45 and over	740	656	3.46	2.11	1.43	0.68	0.282
Total	659	590	3.38	2.11	1.42	0.67	0.277
One parent family with dependent children, reference person aged							
15-44	402	353	2.41	1.84	1.45	0.79	0.214
45 and over	551	463	3.82	2.45	1.56	0.64	0.323
Total	446	380	2.86	1.95	1.44	0.74	0.263
Couple only, reference person aged							

15-44	915	844	3.23	2.00	1.39	0.70	0.249
45-64	757	645	4.54	2.88	1.61	0.56	0.339
65 and over	458	349	2.48	1.86	1.51	0.81	0.309
Total	704	581	4.41	3.08	1.70	0.55	0.348
Other one family households, reference person aged							
15-44	696	678	2.93	2.28	1.45	0.63	0.240
45 and over	691	645	3.34	2.16	1.43	0.66	0.260
Total	693	649	3.29	2.21	1.45	0.65	0.256
Multiple family households	591	563	2.64	1.96	1.38	0.71	0.202
Non-family households							
Lone person aged							
15-24	508	488	4.32	2.57	1.41	0.55	0.304
25-44	711	682	5.11	2.34	1.42	0.61	0.293
45-64	587	445	5.26	3.60	1.94	0.54	0.420
65 and over	363	290	2.38	1.79	1.52	0.85	0.269
Total	535	400	4.47	3.15	1.95	0.62	0.376
Group households	747	722	3.67	2.41	1.40	0.58	0.262
Total	644	563	3.92	2.55	1.54	0.60	0.307
Household includes							
2 or more employed persons	778	709	2.91	1.96	1.40	0.71	0.246
1 employed person	598	502	3.15	2.08	1.50	0.72	0.291
No employed person but at least 1 unemployed person	264	269	3.35	1.65	1.20	0.73	0.240
No persons in the labour force, reference person aged							
15-44	284	280	1.95	1.40	1.20	0.86	0.172
45-64	377	291	3.22	1.80	1.48	0.82	0.345
65 and over	379	326	2.26	1.73	1.40	0.81	0.234
Total	644	563	3.92	2.55	1.54	0.60	0.307
Persons living in							
Capital city	678	593	4.07	2.55	1.54	0.60	0.310
Balance of state	582	513	3.63	2.45	1.53	0.63	0.293
Total	644	563	3.92	2.55	1.54	0.60	0.307

(a) Equivalised disposable household income

(b) Includes households with nil or negative total income

## Income Quintile

### 6 INCOME QUINTILE

Household characteristics	EQUIVALISED DISPOSABLE HOUSEHOLD INCOME QUINTILE						All households	Second and third deciles
	Lowest	Second	Third	Fourth	Highest			
Income per week								
Equivalised disposable household income								
Mean income	\$	255	414	565	746	1 239	644	341
Median income	\$	274	415	563	743	1 073	563	340
Mean household net worth	\$	332 588	394 390	480 524	549 681	1 081 236	562 859	331 035
Proportion of households with characteristic								
Principal source of household income								
Zero or negative income	%	2.0	-	-	-	-	0.5	-
Wages and salaries	%	10.4	50.1	78.1	87.3	85.6	59.3	26.5
Own unincorporated business income	%	3.6	7.0	7.2	6.6	6.9	6.1	5.0
Government pensions and allowances	%	77.7	32.2	4.2	*0.6	-	26.1	61.6
Other income	%	6.4	10.8	10.5	5.6	7.5	8.0	6.8
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Contribution of government pensions and allowances to gross household income								
Nil or less than 1%	%	9.6	21.2	42.5	66.1	86.6	43.7	13.1
1% to less than 20%	%	4.4	22.2	39.1	29.8	12.7	20.2	10.6
20% to less than 50%	%	6.2	25.3	14.5	3.5	*0.6	9.5	15.2
50% to less than 90%	%	16.2	22.0	2.9	*0.3	-	8.6	27.1
90% and over	%	61.6	9.4	*0.9	**0.3	-	17.3	34.1
Total(a)	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Tenure and landlord type								
Owner without a mortgage	%	47.6	39.9	28.6	24.6	26.7	34.3	45.9
Owner with a mortgage	%	13.8	27.6	41.9	47.3	50.3	35.0	19.6
Renter								
State/territory housing authority	%	13.2	4.5	1.5	*1.0	*0.4	4.7	7.6
Private landlord	%	19.2	23.9	24.3	24.1	19.9	22.0	22.5
Other landlord type	%	2.9	1.6	1.8	1.4	1.3	1.9	1.6
Total renters	%	35.3	29.9	27.5	26.6	21.6	28.5	31.8
Other tenure type	%	3.3	2.5	1.9	1.6	1.4	2.2	2.7
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Family composition of household								

One family households							
Couple family with dependent children%	12.7	28.7	36.0	34.4	24.6	26.2	19.6
One parent family with dependent children	% 10.7	10.8	6.6	3.2	1.8	6.8	12.2
Couple only	% 24.4	24.9	20.2	24.1	34.8	25.8	31.6
Other one family households	% 5.6	12.5	12.9	14.6	14.0	11.5	8.9
Multiple family households	% *0.3	1.9	*1.3	*1.2	*0.9	1.0	*1.3
Non-family households							
Lone person	% 45.0	19.0	20.1	18.3	19.5	25.7	24.0
Group households	% 1.3	2.3	3.0	4.2	4.4	3.0	2.4
Total	% 100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average number in household							
Employed persons	no. 0.3	1.0	1.5	1.9	1.9	1.3	0.6
Dependent children	no. 0.5	0.8	0.8	0.6	0.4	0.6	0.7
Persons							
Under 18 years	no. 0.5	0.8	0.8	0.6	0.4	0.6	0.7
18 to 64 years	no. 0.9	1.4	1.8	2.0	2.0	1.6	1.1
65 years and over	no. 0.6	0.5	0.2	0.1	0.1	0.3	0.6
Total	no. 2.0	2.7	2.8	2.7	2.5	2.5	2.5
Estimated number in population							
Households							
Capital city	'000 1 137.8	851.6	886.6	978.7	1 171.5	5 026.2	889.2
Balance of State	'000 841.3	597.3	532.1	488.0	441.1	2 899.9	731.8
Total	'000 1 979.1	1 448.9	1 418.7	1 466.8	1 612.7	7 926.2	1 621.0
Persons	'000 3 994.3	3 982.1	3 985.3	3 984.3	3 984.7	19 930.7	3 987.9
Number of households in sample	no. 2 576	1 878	1 786	1 765	1 956	9 961	2 102

\* estimate has a relative standard error of 25% to 50% and should be used with caution

\*\* estimate has a relative standard error greater than 50% and is considered too unreliable for general use

- nil or rounded to zero (including null cells)

(a) Includes households with nil or negative total income

## Net worth quintile

### 7 NET WORTH QUINTILE

Household characteristics	Household net worth quintile					All households
	Lowest	Second	Third	Fourth	Highest	
Income per week						
Gross household income						
Mean income	\$ 769	1 173	1 122	1 363	2 098	1 305
Median income	\$ 640	1 054	994	1 214	1 722	1 040
Equivalised disposable household income						
Mean income	\$ 445	597	566	642	908	644
Median income	\$ 384	556	513	592	775	563
Mean household net worth	\$ 27 368	160 595	341 745	564 294	1 720 680	562 859
Proportion of households with characteristic						
Principal source of household income						
Zero or negative income	% *1.0	*0.6	**0.2	*0.3	*0.5	0.5
Wages and salaries	% 50.2	68.4	57.1	62.0	58.7	59.3
Own unincorporated business income	% 2.7	4.9	6.2	5.4	11.2	6.1
Government pensions and allowances	% 43.3	24.2	32.4	24.0	6.7	26.1
Other income	% 2.8	1.9	4.1	8.3	22.9	8.0
Total	% 100.0	100.0	100.0	100.0	100.0	100.0
Contribution of government pensions and allowances to gross household income						
Nil or less than 1%	% 35.0	44.9	35.6	40.2	63.0	43.7
1% to less than 20%	% 9.8	21.2	22.4	25.2	22.6	20.2
20% to less than 50%	% 11.2	9.3	9.7	10.4	7.1	9.5
50% to less than 90%	% 9.5	6.5	11.7	11.9	3.6	8.6
90% and over	% 33.5	17.5	20.5	11.9	3.2	17.3
Total(a)	% 100.0	100.0	100.0	100.0	100.0	100.0
Tenure and landlord type						
Owner without a mortgage	% *0.8	16.0	40.6	53.1	61.0	34.3
Owner with a mortgage	% 3.3	43.7	50.1	42.4	35.4	35.0
Renter						
State/territory housing authority	% 20.4	2.4	**0.1	*0.3	-	4.7
Private landlord	% 65.9	31.6	7.1	2.6	2.8	22.0
Other landlord type	% 5.4	2.4	*0.6	*0.5	*0.3	1.9
Total renters	% 91.7	36.5	7.8	3.4	3.1	28.5
Other tenure type	% 4.2	3.8	1.4	1.1	*0.5	2.2
Total	% 100.0	100.0	100.0	100.0	100.0	100.0
Family composition of household						
One family households						
Couple family with dependent children	% 12.6	26.7	29.3	30.7	31.9	26.2
One parent family with dependent children	% 16.8	7.1	4.5	3.4	2.2	6.8

Couple only	%	13.9	22.0	26.9	30.6	35.5	25.8
Other one family households	%	8.4	8.6	10.7	14.2	15.6	11.5
Multiple family households	%	*0.8	*0.9	*0.7	*1.2	1.6	1.0
Non-family households							
Lone person	%	39.3	31.1	26.6	18.9	12.3	25.7
Group households	%	8.1	3.6	1.3	1.0	*0.8	3.0
Total	%	100.0	100.0	100.0	100.0	100.0	100.0
Average number in household							
Employed persons	no.	0.9	1.3	1.2	1.4	1.6	1.3
Dependent children	no.	0.6	0.6	0.6	0.7	0.7	0.6
Persons							
Under 18 years	no.	0.6	0.6	0.6	0.6	0.6	0.6
18 to 64 years	no.	1.4	1.6	1.5	1.7	1.9	1.6
65 years and over	no.	0.2	0.2	0.4	0.4	0.4	0.3
Total	no.	2.2	2.4	2.5	2.7	2.8	2.5
Estimated number in population							
Households	'000	1 586.3	1 584.4	1 585.2	1 585.3	1 584.9	7 926.2
Persons	'000	3 429.4	3 792.0	3 987.1	4 277.6	4 444.5	19 930.7
Number of households in sample	no.	1 979	2 021	2 046	2 020	1 895	9 961

\* estimate has a relative standard error of 25% to 50% and should be used with caution

\*\* estimate has a relative standard error greater than 50% and is considered too unreliable for general use

- nil or rounded to zero (including null cells)

(a) Includes households with nil or negative total income

## Principal source of gross household income

### 8 PRINCIPAL SOURCE OF GROSS HOUSEHOLD INCOME

Household characteristics		Wages and salaries	Private income		Total	Government pensions and allowances	All households(a)
			Own unincorporated business income	Other income			
Income per week							
Gross household income							
Mean income	\$	1 681	1 627	1 217	1 625	434	1 305
Median income	\$	1 478	1 269	754	1 391	407	1 040
Equivalised disposable household income							
Mean income	\$	735	684	770	733	307	644
Median income	\$	665	562	544	650	298	563
Mean household net worth	\$	526 595	796 660	1 580 876	664 109	276 972	562 859
Proportion of households with characteristic							
Contribution of government pensions and allowances to gross household income							
Nil or less than 1%	%	61.3	58.7	47.9	59.6	-	43.7
1% to less than 20%	%	28.0	26.7	25.5	27.6	-	20.2
20% to less than 50%	%	10.6	14.3	26.6	12.7	1.0	9.5
50% to less than 90%	%	**0.1	**0.2	-	**0.1	32.8	8.6
90% and over	%	-	-	-	-	66.2	17.3
Total	%	100.0	100.0	100.0	100.0	100.0	100.0
Tenure and landlord type							
Owner without a mortgage	%	20.4	33.5	76.7	27.6	53.3	34.3
Owner with a mortgage	%	48.5	46.0	10.1	44.1	9.5	35.0
Renter							
State/territory housing authority	%	1.8	*0.8	*1.0	1.6	13.2	4.7
Private landlord	%	25.6	17.2	9.0	23.1	18.7	22.0
Other landlord type	%	1.7	*1.0	*0.9	1.6	2.7	1.9
Total renters	%	29.1	19.0	10.9	26.2	34.6	28.5
Other tenure type	%	2.0	*1.5	*2.3	2.0	2.6	2.2
Total	%	100.0	100.0	100.0	100.0	100.0	100.0
Family composition of household							
One family households							
Couple family with dependent children	%	35.8	42.3	6.7	33.2	7.0	26.2
One parent family with dependent children	%	5.0	*2.7	2.4	4.5	13.2	6.8
Couple only	%	22.7	26.1	40.4	24.9	28.3	25.8
Other one family households	%	14.0	9.6	9.1	13.1	7.2	11.5
Multiple family households	%	1.4	**0.7	**0.7	1.3	*0.5	1.0
Non-family households							
Lone person	%	17.1	17.0	38.9	19.5	42.3	25.7
Group households	%	3.9	*1.6	*1.9	3.5	1.5	3.0
Total	%	100.0	100.0	100.0	100.0	100.0	100.0

Average number in household							
Employed persons	no.	1.8	1.8	0.4	1.7	0.2	1.3
Dependent children	no.	0.8	0.9	0.2	0.7	0.4	0.6
Persons							
Under 18 years	no.	0.7	0.9	0.2	0.7	0.4	0.6
18 to 64 years	no.	2.0	1.9	0.9	1.9	0.8	1.6
65 years and over	no.	0.1	0.2	0.8	0.2	0.8	0.3
Total	no.	2.8	2.9	1.9	2.7	2.0	2.5
Estimated number in population							
Households	'000	4 698.4	482.0	635.1	5 815.5	2 071.2	7 926.2
Persons	'000	13 209.2	1 398.8	1 189.6	15 797.7	4 065.1	19 930.7
Number of households in sample	no.	5 763	598	824	7 185	2 726	9 961

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\*\* estimate has a relative standard error greater than 50% and is considered too unreliable for general use

- nil or rounded to zero (including null cells)

(a) Includes households with nil or negative total income

## Contribution of government pensions and allowances to gross household income

### 9 CONTRIBUTION OF GOVERNMENT PENSIONS AND ALLOWANCES TO GROSS HOUSEHOLD INCOME

Household characteristics		Nil or less than 1%	1% to less than 20%	20% to less than 50%	50% to less than 90%	90% and over	All households(a)
Income per week							
Gross household income							
Mean income	\$	1 779	1 610	946	551	368	1 305
Median income	\$	1 500	1 497	905	509	324	1 040
Equivalised disposable household income							
Mean income	\$	888	638	446	354	274	644
Median income	\$	800	593	435	346	273	563
Mean household net worth	\$	759 669	560 097	437 094	363 293	235 391	562 859
Proportion of households with characteristic							
Principal source of household income							
Zero or negative income	%	-	-	-	-	-	0.5
Wages and salaries	%	83.1	81.9	65.9	**0.6	**0.1	59.3
Own unincorporated business income	%	8.2	8.0	9.1	**0.2	-	6.1
Government pensions and allowances	%	-	-	2.7	99.2	99.9	26.1
Other income	%	8.8	10.1	22.3	-	-	8.0
Total	%	100.0	100.0	100.0	100.0	100.0	100.0
Tenure and landlord type							
Owner without a mortgage	%	26.1	25.3	39.6	61.4	49.4	34.3
Owner with a mortgage	%	43.7	53.1	26.8	11.4	8.4	35.0
Renter							
State/territory housing authority	%	0.9	1.4	5.8	5.7	17.0	4.7
Private landlord	%	25.4	17.5	24.1	18.6	18.6	22.0
Other landlord type	%	1.7	1.1	*1.7	*1.0	3.6	1.9
Total renters	%	28.0	20.0	31.7	25.3	39.2	28.5
Other tenure type	%	2.2	1.6	2.0	*1.8	3.0	2.2
Total	%	100.0	100.0	100.0	100.0	100.0	100.0
Family composition of household							
One family households							
Couple family with dependent children	%	18.2	66.2	31.6	7.8	6.5	26.2
One parent family with dependent children	%	1.7	6.9	14.1	16.3	10.9	6.8
Couple only	%	34.5	8.6	15.3	32.7	26.3	25.8
Other one family households	%	12.9	8.8	22.6	9.8	6.1	11.5
Multiple family households	%	*0.4	2.6	*2.5	*1.0	**0.2	1.0
Non-family households							
Lone person	%	28.0	5.0	11.0	31.1	48.4	25.7
Group households	%	4.4	1.9	2.9	*1.4	1.6	3.0
Total	%	100.0	100.0	100.0	100.0	100.0	100.0
Average number in household							
Employed persons	no.	1.7	1.8	1.1	0.4	-	1.3
Dependent children	no.	0.4	1.4	1.0	0.5	0.3	0.6
Persons							
Under 18 years	no.	0.3	1.3	1.0	0.5	0.4	0.6
18 to 64 years	no.	1.9	2.0	1.7	0.9	0.7	1.6

65 years and over	no.	0.1	0.2	0.4	0.9	0.8	0.3
Total	no.	2.2	3.6	3.1	2.2	1.8	2.5
Estimated number in population							
Households	'000	3 467.7	1 604.9	756.5	684.9	1 372.7	7 926.2
Persons	'000	7 801.7	5 704.7	2 345.2	1 522.7	2 488.4	19 930.7
Number of households in sample	no.	4 245	1 995	970	887	1 814	9 961

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- nil or rounded to zero (including null cells)

(a) Includes households with nil or negative total income

## Tenure and landlord type

### 10 TENURE AND LANDLORD TYPE

Household characteristics		Owner without a mortgage	Owner with a mortgage	State/ territory housing authority	RENTER		Total renters	Other tenure type	Total
					Private landlord	Other landlord type			
Income per week									
Gross household income									
Mean income	\$	1 120	1 724	576	1 151	965	1 045	883	1 305
Median income	\$	693	1 539	411	965	780	854	632	1 040
Equivalised disposable household income									
Mean income	\$	625	716	356	599	527	555	524	644
Median income	\$	505	645	312	533	465	474	456	563
Mean household net worth	\$	924 084	590 761	40 520	126 234	*212 336	117 844	260 171	562 859
Proportion of households with characteristic									
Principal source of household income									
Zero or negative income	%	*0.3	*0.4	-	1.0	-	0.8	**1.8	0.5
Wages and salaries	%	35.2	82.3	22.9	68.8	54.5	60.4	54.8	59.3
Own unincorporated business income	%	5.9	8.0	*1.1	4.7	*3.2	4.1	*4.0	6.1
Government pensions and allowances	%	40.6	7.1	74.2	22.2	38.5	31.7	31.1	26.1
Other income	%	17.9	2.3	*1.8	3.3	*3.7	3.1	*8.3	8.0
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Contribution of government pensions and allowances to gross household income									
Nil or less than 1%	%	33.3	54.6	8.1	50.6	40.5	43.0	43.6	43.7
1% to less than 20%	%	14.9	30.7	6.1	16.1	12.4	14.2	15.0	20.2
20% to less than 50%	%	11.0	7.3	11.9	10.5	*8.9	10.6	8.6	9.5
50% to less than 90%	%	15.5	2.8	10.6	7.3	*4.6	7.7	*7.1	8.6
90% and over	%	25.0	4.1	63.2	14.6	33.6	23.8	23.9	17.3
Total(a)	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Family composition of household									
One family households									
Couple family with dependent children	%	13.0	46.4	11.4	19.4	18.9	18.1	18.1	26.2
One parent family with dependent children	%	2.5	5.2	21.5	12.4	13.5	13.9	*5.1	6.8
Couple only	%	37.9	22.1	9.4	18.0	18.1	16.6	15.3	25.8
Other one family households	%	14.7	10.6	12.8	8.6	*6.8	9.2	*6.7	11.5
Multiple family households	%	1.0	1.2	*1.6	*0.6	*1.9	*0.9	*0.6	1.0
Non-family households									
Lone person	%	30.2	13.4	41.3	31.4	37.5	33.4	49.5	25.7
Group households	%	0.7	1.1	*1.9	9.5	*3.2	7.9	*4.7	3.0
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average number in household									
Employed persons	no.	0.9	1.8	0.5	1.2	1.0	1.1	1.0	1.3
Dependent children	no.	0.3	1.0	0.7	0.6	0.6	0.6	0.5	0.6
Persons									
Under 18 years	no.	0.2	1.0	0.7	0.6	0.6	0.6	0.4	0.6
18 to 64 years	no.	1.2	2.0	1.3	1.6	1.4	1.6	1.3	1.6
65 years and over	no.	0.7	0.1	0.3	0.1	0.2	0.1	0.3	0.3
Total	no.	2.2	3.1	2.3	2.3	2.3	2.3	2.0	2.5
Estimated number in population									
Households	'000	2 718.1	2 772.0	368.8	1 745.3	146.9	2 261.0	175.1	7 926.2
Persons	'000	5 914.1	8 485.8	840.6	4 000.8	334.0	5 175.4	355.4	19 930.7
Number of households in sample	no.	3 452	3 512	525	2 051	201	2 777	220	9 961



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(a) Includes households with nil or negative total income

## Family composition of household

### 11 FAMILY COMPOSITION OF HOUSEHOLD

Household characteristics	ONE FAMILY HOUSEHOLDS					NON-FAMILY HOUSEHOLDS			All households
	Couple family with dependent children	One parent family with dependent children	Couple only	Other one family households	Multiple family households	Lone person	Group households		
Income per week									
Gross household income									
Mean income	\$	1 902	898	1 275	1 616	2 018	642	1 489	1 305
Median income	\$	1 637	724	995	1 418	1 921	412	1 343	1 040
Equivalised disposable household income									
Mean income	\$	659	446	704	693	591	535	747	644
Median income	\$	590	380	581	649	563	400	722	563
Mean household net worth	\$	667 309	227 804	729 463	638 615	698 444	382 457	177 000	562 859
Proportion of households with characteristic									
Principal source of household income									
Zero or negative income	%	*0.3	**0.2	*0.4	**0.2	-	1.1	**0.2	0.5
Wages and salaries	%	80.9	43.6	52.2	72.0	79.2	39.6	78.4	59.3
Own unincorporated business income	%	9.8	*2.4	6.2	5.1	**4.3	4.0	*3.3	6.1
Government pensions and allowances	%	6.9	50.9	28.7	16.4	*11.4	43.1	13.2	26.1
Other income	%	2.0	2.8	12.6	6.3	**5.1	12.1	*5.0	8.0
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Contribution of government pensions and allowances to gross household income									
Nil or less than 1%	%	30.3	10.9	58.5	49.1	*15.1	47.7	64.5	43.7
1% to less than 20%	%	51.1	20.6	6.8	15.5	50.3	3.9	12.8	20.2
20% to less than 50%	%	11.5	19.8	5.7	18.7	*23.3	4.1	9.3	9.5
50% to less than 90%	%	2.6	20.7	11.0	7.3	*8.1	10.5	*4.0	8.6
90% and over	%	4.3	27.8	17.7	9.2	**3.3	32.6	9.2	17.3
Total(a)	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Tenure and landlord type									
Owner without a mortgage	%	17.0	12.8	50.3	43.8	34.5	40.3	7.7	34.3
Owner with a mortgage	%	61.8	27.0	30.0	32.1	40.6	18.2	13.2	35.0
Renter									
State/territory housing authority	%	2.0	14.8	1.7	5.2	*7.2	7.5	**3.0	4.7
Private landlord	%	16.3	40.1	15.4	16.5	*13.1	27.0	70.6	22.0
Other landlord type	%	1.3	3.7	1.3	*1.1	**3.5	2.7	*2.0	1.9
Total renters	%	19.7	58.5	18.4	22.7	23.7	37.2	75.7	28.5
Other tenure type	%	1.5	*1.7	1.3	*1.3	**1.2	4.3	*3.5	2.2
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average number in household									
Employed persons	no.	1.9	0.8	1.1	1.9	2.5	0.5	1.7	1.3
Dependent children	no.	1.9	1.7	-	-	1.3	-	-	0.6
Persons									
Under 18 years	no.	1.8	1.6	-	0.1	1.3	-	-	0.6
18 to 64 years	no.	2.3	1.3	1.4	2.5	3.3	0.6	2.1	1.6
65 years and over	no.	-	-	0.6	0.4	0.6	0.4	0.1	0.3
Total	no.	4.1	3.0	2.0	2.9	5.3	1.0	2.3	2.5
Estimated number in population									
Households	'000	2 078.6	538.6	2 043.8	914.1	82.6	2 033.3	235.3	7 926.2
Persons	'000	8 555.8	1 619.9	4 087.6	2 664.2	433.9	2 033.3	536.0	19 930.7
Number of households in sample	no.	2 550	743	2 762	926	63	2 649	268	9 961

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- nil or rounded to zero (including null cells)  
(a) Includes households with nil or negative total income

## Selected life cycle groups

### 12 SELECTED LIFE CYCLE GROUPS(a)

Household characteristics		Lone person aged under 35	Couple only, reference person under 35	Couple with dependent children only			Couple with		Couple only, reference person 55 to 64	Couple only, reference person 65 and over	Lone person 65 and over
				Eldest child under 5	Eldest child to 14	Eldest child 15 to 24	Dependent and non-dependent children only	Non-dependent children only			
Income per week											
Gross household income											
Mean income	\$	845	1 689	1 687	1 764	2 056	2 378	1 906	1 285	749	383
Median income	\$	766	1 551	1 465	1 501	1 836	2 180	1 752	1 011	523	289
Equivalised disposable household income											
Mean income	\$	666	888	683	642	660	695	740	729	458	363
Median income	\$	616	830	623	559	592	662	688	600	349	290
Mean household net worth	\$	114 885	238 539	511 618	594 810	871 796	808 020	837 657	976 599	867 578	467 915
Proportion of households with characteristic											
Principal source of household income											
Zero or negative income	%	*1.3	-	**0.5	**0.2	**0.5	-	-	**0.4	**0.1	**0.1
Wages and salaries	%	77.3	94.1	85.6	78.8	77.7	87.5	76.6	54.6	3.7	2.7
Own unincorporated business income	%	4.4	3.5	9.5	10.6	11.3	*5.2	6.3	11.4	3.2	*1.0
Government pensions and allowances	%	10.8	*2.0	3.8	8.1	7.0	*5.9	11.4	19.2	67.6	77.6
Other income	%	6.2	**0.3	**0.6	2.3	*3.5	**1.4	5.7	14.3	25.4	18.6
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Contribution of government pensions and allowances to gross household income											
Nil or less than 1%	%	84.6	94.8	14.9	26.5	47.8	40.1	60.5	69.2	8.8	7.1
1% to less than 20%	%	*1.4	*1.4	69.1	52.0	36.8	42.9	13.4	5.6	13.3	7.8
20% to less than 50%	%	*2.0	*1.8	11.9	13.2	7.8	*11.5	14.5	5.5	10.3	7.3
50% to less than 90%	%	*2.8	*1.1	*0.8	2.8	*2.6	*3.5	7.9	7.6	25.8	21.1
90% and over	%	8.0	**0.9	*2.8	5.3	4.5	*2.0	*3.6	11.6	41.7	56.5
Total(b)	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Tenure and landlord type											
Owner without a mortgage	%	*3.5	*2.7	6.0	13.0	29.5	25.3	50.2	61.1	86.4	74.0
Owner with a mortgage	%	28.3	46.3	63.0	63.7	58.9	60.3	39.8	28.2	5.9	3.5
Renter											
State/territory housing authority	%	4.1	*1.0	**0.5	2.3	*2.2	*3.1	*2.8	*1.9	*2.1	7.8
Private landlord	%	51.9	45.9	25.6	18.4	8.2	8.0	6.6	6.5	3.3	8.5
Other landlord type	%	4.7	*2.6	*2.1	*1.0	**0.5	*2.2	**0.3	*1.3	*0.5	2.7
Total renters	%	60.7	49.6	28.2	21.7	10.9	13.3	9.7	9.7	5.9	18.9
Other tenure type	%	7.6	*1.4	*2.8	1.6	**0.7	**1.1	**0.3	*1.0	*1.8	3.6
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average number in household											
Employed persons	no.	0.9	1.9	1.5	1.5	2.3	3.0	2.3	1.2	0.2	0.1

Dependent children no.	-	-	1.4	2.1	2.2	1.5	-	-	-	-
Persons										
Under 18 years no.	-	-	1.4	2.1	1.7	1.3	0.1	-	-	-
18 to 64 years no.	1.0	2.0	2.0	2.0	2.5	3.4	2.9	1.9	0.2	-
65 years and over no.	-	-	-	-	-	-	0.3	0.1	1.8	1.0
Total no.	1.0	2.0	3.4	4.1	4.2	4.7	3.3	2.0	2.0	1.0
Estimated number in population										
Households '000	369.3	423.5	429.9	859.4	469.3	264.4	449.3	506.8	678.8	744.3
Persons '000	369.3	847.0	1 482.4	3 563.0	1 971.1	1 244.6	1 464.5	1 013.5	1 357.6	744.3
Number of households in sample	no.	445	493	548	1 178	517	256	421	750	929
										972

\* estimate has a relative standard error of 25% to 50% and should be used with caution

\*\* estimate has a relative standard error greater than 50% and is considered too unreliable for general use

- nil or rounded to zero (including null cells)

(a) The life cycle groups included here are a selection of single person and single family households

(b) Includes households with nil or negative total income

## Age of reference person

### 13 AGE OF REFERENCE PERSON

Household characteristics		15-24	25-34	35-44	45-54	55-64	65 and over	All households
Income per week								
Gross household income								
Mean income	\$	1 065	1 431	1 543	1 714	1 279	602	1 305
Median income	\$	955	1 314	1 313	1 469	989	437	1 040
Equivalised disposable household income								
Mean income	\$	576	668	635	727	708	432	644
Median income	\$	543	613	557	656	611	346	563
Mean household net worth	\$	88 583	269 098	465 046	725 028	823 785	666 003	562 859
Proportion of households with characteristic								
Principal source of household income								
Zero or negative income	%	**0.4	*0.6	*0.5	*0.6	*0.8	**0.1	0.5
Wages and salaries	%	71.8	82.6	74.5	77.1	54.0	5.8	59.3
Own unincorporated business income	%	*2.6	5.2	8.5	7.1	8.4	2.2	6.1
Government pensions and allowances	%	17.6	10.5	14.4	11.4	24.4	70.6	26.1
Other income	%	7.6	1.1	2.1	3.8	12.4	21.3	8.0
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Contribution of government pensions and allowances to gross household income								
Nil or less than 1%	%	58.1	55.3	42.2	57.1	57.0	7.9	43.7
1% to less than 20%	%	11.6	25.0	32.3	23.0	9.4	11.0	20.2
20% to less than 50%	%	12.3	9.0	10.9	8.1	8.5	10.3	9.5
50% to less than 90%	%	6.4	3.5	5.3	3.3	7.1	23.9	8.6
90% and over	%	11.2	6.6	8.8	8.0	17.3	46.8	17.3
Total(a)	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Tenure and landlord type								
Owner without a mortgage	%	*2.7	6.5	12.4	29.3	53.7	79.3	34.3
Owner with a mortgage	%	18.7	41.3	53.8	48.6	27.5	5.3	35.0
Renter								
State/territory housing authority	%	5.8	3.9	4.8	4.2	4.9	5.1	4.7
Private landlord	%	63.6	42.8	25.6	14.9	11.0	6.1	22.0
Other landlord type	%	5.2	2.4	1.7	1.5	1.3	1.6	1.9
Total renters	%	74.6	49.1	32.0	20.6	17.3	12.8	28.5
Other tenure type	%	*4.0	3.1	1.9	1.5	1.5	2.6	2.2
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Family composition of household								
One family households								
Couple family with dependent children	%	9.1	30.9	53.4	37.5	7.4	*0.6	26.2
One parent family with dependent children	%	7.8	10.0	12.2	8.4	2.0	**0.2	6.8
Couple only	%	21.2	24.8	10.4	16.1	40.2	42.7	25.8
Other one family households	%	17.0	6.4	4.9	17.1	21.4	8.3	11.5
Multiple family households	%	*2.6	*1.5	*1.4	*0.9	**0.4	*0.5	1.0
Non-family households								
Lone person	%	23.8	20.1	15.8	18.9	27.5	46.9	25.7
Group households	%	18.5	6.3	2.0	1.2	1.1	0.8	3.0
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average number in household								
Employed persons	no.	1.4	1.5	1.5	1.8	1.3	0.2	1.3
Dependent children	no.	0.3	0.8	1.4	0.8	0.1	-	0.6
Persons								

Under 18 years	no.	0.3	0.8	1.4	0.7	0.1	-	0.6
18 to 64 years	no.	1.9	1.8	1.8	2.2	2.0	0.2	1.6
65 years and over	no.	-	-	-	-	0.1	1.4	0.3
Total	no.	2.2	2.6	3.3	2.9	2.1	1.6	2.5
Estimated number in population								
Households	'000	379.0	1 386.2	1 703.8	1 607.7	1 261.3	1 588.1	7 926.2
Persons	'000	827.2	3 600.3	5 548.2	4 705.5	2 660.3	2 589.2	19 930.7
Number of households in sample	no.	484	1 637	2 046	2 065	1 656	2 073	9 961

\* estimate has a relative standard error of 25% to 50% and should be used with caution

\*\* estimate has a relative standard error greater than 50% and is considered too unreliable for general use

- nil or rounded to zero (including null cells)

(a) Includes households with nil or negative total income

## States and Territories, Capital City

### 14 STATES AND TERRITORIES, Capital City

Household characteristics		NSW	Vic.	Qld	SA	WA	Tas.	NT	ACT(a)	Aust.
Income per week										
Gross household income per week										
Mean income	\$	1 559	1 368	1 357	1 197	1 319	1 141	1 675	1 639	1 410
Median income	\$	1 259	1 088	1 139	954	1 025	936	1 548	1 445	1 139
Equivalised disposable household income										
Mean income	\$	712	658	673	617	663	597	730	786	678
Median income	\$	609	589	598	541	591	545	661	712	593
Mean household net worth	\$	697162	596544	500730	475573	534828	455702	411569	573126	591 028
Proportion of households with characteristic										
Principal source of household income										
Zero or negative income	%	*0.2	**0.3	**0.3	**0.3	*0.8	**0.4	-	**0.4	0.4
Wages and salaries	%	64.5	62.2	63.4	57.3	62.3	57.3	79.7	68.0	62.9
Own unincorporated business income	%	5.9	5.3	4.7	4.6	7.1	*6.6	*7.0	*4.0	5.5
Government pensions and allowances	%	21.1	23.6	23.8	29.4	23.4	26.1	*8.5	14.3	23.0
Other income	%	8.2	8.6	7.9	8.4	6.4	9.6	*4.8	13.3	8.2
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Contribution of government pensions and allowances to gross household income										
Nil or less than 1%	%	48.7	47.9	45.3	38.9	46.7	39.7	52.9	57.2	46.9
1% to less than 20%	%	20.8	19.6	21.8	20.6	19.4	22.4	23.6	24.3	20.6
20% to less than 50%	%	9.2	8.8	8.9	10.9	10.0	12.1	*15.0	*3.9	9.3
50% to less than 90%	%	6.6	8.3	8.0	9.0	7.9	9.9	**4.6	*3.7	7.6
90% and over	%	14.5	15.1	15.5	20.2	15.2	15.5	**3.8	10.6	15.2
Total(b)	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Tenure and landlord type										
Owner without a mortgage	%	30.5	34.8	33.1	33.7	28.9	36.1	17.7	27.3	32.1
Owner with a mortgage	%	35.9	35.6	34.9	34.6	41.9	35.8	39.6	42.5	36.5
Renter										
State/territory housing authority	%	5.4	3.4	4.3	8.8	3.9	*6.4	*10.7	8.0	4.9
Private landlord	%	25.0	23.1	24.0	20.2	20.8	17.0	21.8	19.4	23.1
Other landlord type	%	1.5	*1.1	2.0	1.6	*1.5	*2.8	**6.1	*1.9	1.5
Total renters	%	31.9	27.5	30.3	30.5	26.2	26.1	38.6	29.3	29.5
Other tenure type	%	1.7	2.1	*1.7	*1.1	*3.0	*2.0	**4.0	**0.9	1.9
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Family composition of household										
One family households										
Couple family with dependent children	%	30.7	26.0	25.6	24.5	26.1	23.4	37.8	29.0	27.4
One parent family with dependent children	%	6.2	7.0	5.9	8.0	6.4	6.7	*7.5	5.0	6.6
Couple only	%	21.8	25.3	25.1	23.4	24.9	25.6	22.1	26.9	24.0
Other one family households	%	14.3	13.4	9.2	11.0	9.9	11.0	*11.7	7.5	12.2
Multiple family households	%	2.3	*0.7	*1.8	**0.6	*0.7	**0.6	**1.2	**1.0	1.4
Non-family households										
Lone person	%	22.1	24.2	27.8	29.8	29.6	28.5	*15.3	27.0	25.3
Group households	%	2.6	3.4	4.7	2.6	2.4	*4.3	**4.4	*3.7	3.1
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average number in household										
Employed persons	no.	1.4	1.3	1.3	1.2	1.3	1.2	1.6	1.4	1.3
Dependent children	no.	0.7	0.6	0.6	0.6	0.6	0.6	0.9	0.6	0.7
Persons										
Under 18	no.	0.7	0.6	0.6	0.5	0.6	0.5	0.9	0.6	0.6
18 to 64 years	no.	1.8	1.7	1.6	1.5	1.6	1.5	1.9	1.7	1.7
65 years and over	no.	0.3	0.3	0.3	0.3	0.3	0.3	*0.1	0.2	0.3
Total	no.	2.7	2.5	2.5	2.4	2.4	2.4	3.0	2.5	2.6
Estimated number in population										
Households	'000	1 571.5	1 403.4	725.3	467.1	605.8	81.8	42.9	128.5	5 026.2
Persons	'000	4 244.4	3 575.2	1 799.2	1 121.5	1 471.5	196.4	126.6	319.7	12 854.5

Number of households in sample	no.	1 415	1 247	798	1 037	1 031	337	117	423	6 405
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\* estimate has a relative standard error of 25% to 50% and should be used with caution

\*\* estimate has a relative standard error greater than 50% and is considered too unreliable for general use

- nil or rounded to zero (including null cells)

(a) Capital city estimates for the ACT relate to total ACT

(b) Includes households with nil or negative total income

## States and Territories, Balance of State

### 15 STATES AND TERRITORIES, Balance of State

Household characteristics		NSW	Vic.	Qld	SA	WA	Tas.	Aust.(a)
Income per week								
Gross household income								
Mean income	\$	1 092	1 080	1 202	1 025	1 239	945	1 122
Median income	\$	859	882	1 000	767	953	783	898
Equivalised disposable household income								
Mean income	\$	568	577	597	568	643	510	582
Median income	\$	503	513	532	493	551	457	513
Mean household net worth	\$	530 452	493 719	498 430	574 454	598 902	372 786	514 034
Proportion of households with characteristic								
Principal source of household income								
Zero or negative income	%	*0.7	**0.4	*1.0	**1.1	**0.5	**0.8	0.8
Wages and salaries	%	51.0	51.0	57.0	49.1	57.0	49.7	53.0
Own unincorporated business income	%	6.2	6.7	8.0	7.8	7.8	6.5	7.0
Government pensions and allowances	%	32.9	34.6	27.8	36.3	25.3	35.3	31.5
Other income	%	9.2	7.3	6.1	5.7	9.4	7.8	7.7
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Contribution of government pensions and allowances to gross household income								
Nil or less than 1%	%	37.1	33.9	41.5	38.5	43.5	35.1	38.2
1% to less than 20%	%	18.6	22.7	20.1	15.3	20.1	17.2	19.7
20% to less than 50%	%	10.8	9.0	9.5	8.7	10.5	13.0	10.0
50% to less than 90%	%	10.4	12.8	9.3	11.0	8.1	10.6	10.4
90% and over	%	22.3	21.2	18.6	25.3	17.2	23.3	20.9
Total(b)	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Tenure and landlord type								
Owner without a mortgage	%	41.9	43.3	31.1	37.0	32.6	41.5	38.1
Owner with a mortgage	%	29.8	32.8	34.4	35.9	33.3	32.5	32.4
Renter								
State/territory housing authority	%	4.4	4.5	2.9	*6.5	*4.3	4.5	4.2
Private landlord	%	19.4	17.0	25.4	15.6	18.4	16.9	20.2
Other landlord type	%	*1.7	**0.4	3.7	*2.1	*6.2	*2.3	2.4
Total renters	%	25.5	21.9	32.1	24.1	28.9	23.7	26.8
Other tenure type	%	2.8	*2.0	*2.4	*3.0	*5.2	*2.3	2.7
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Family composition of household								
One family households								
Couple family with dependent children	%	22.3	25.1	27.0	19.6	24.2	22.4	24.2
One parent family with dependent children	%	6.1	7.7	8.0	7.7	8.0	7.6	7.2
Couple only	%	31.6	23.7	28.3	31.9	30.8	29.8	28.9
Other one family households	%	12.1	10.1	10.4	7.4	5.9	7.6	10.3
Multiple family households	%	*0.6	**0.2	*0.6	-	**0.9	-	*0.5
Non-family households								
Lone person	%	24.9	31.1	22.0	32.2	27.7	30.6	26.2
Group households	%	*2.5	*2.2	3.7	**1.2	*2.5	*1.9	2.7
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average number in household								
Employed persons	no.	1.1	1.1	1.3	1.1	1.2	1.0	1.2
Dependent children	no.	0.6	0.6	0.6	0.5	0.6	0.6	0.6
Persons								
Under 18 years	no.	0.6	0.6	0.7	0.5	0.6	0.6	0.6
18 to 64 years	no.	1.5	1.4	1.6	1.4	1.5	1.4	1.5
65 years and over	no.	0.4	0.3	0.3	0.4	0.3	0.3	0.3
Total	no.	2.4	2.4	2.5	2.2	2.4	2.4	2.4
Estimated number in population								
Households	'000	998.2	584.5	819.7	170.8	197.9	118.5	2 899.9
Persons	'000	2 431.3	1 400.1	2 085.2	382.8	471.7	281.2	7 076.2
Number of households in sample	no.	948	596	896	295	335	440	3 556

\* estimate has a relative standard error of 25% to 50% and should be used with caution

\*\* estimate has a relative standard error greater than 50% and is considered too unreliable for general use

- nil or rounded to zero (including null cells)

(a) Includes NT and ACT households. Separate ACT estimates are not available. NT estimates are not shown separately since estimates for the NT other than Darwin are not considered reliable. See paragraph 36 of the Explanatory Notes

(b) Includes households with nil or negative total income

## States and Territories, All Households

### 16 STATES AND TERRITORIES, All Households

Household characteristics		NSW	Vic.	Qld	SA	WA	Tas.	NT(a)	ACT(b)	Aust.
Income per week										
Gross household income										
Mean income	\$	1 378	1 283	1 275	1 151	1 299	1 025	1 602	1 639	1 305
Median income	\$	1 076	1 024	1 056	905	1 023	850	1 507	1 445	1 040
Equivalised disposable household income										
Mean income	\$	660	635	632	605	658	546	724	786	644
Median income	\$	565	564	556	529	581	486	670	712	563
Mean household net worth	\$	632402	566312	499509	502052	550603	406638	391911	573126	562 859
Proportion of households with characteristic										
Principal source of household income										
Zero or negative income	%	*0.4	*0.3	*0.7	*0.5	*0.7	*0.6	-	**0.4	0.5
Wages and salaries	%	59.3	58.9	60.0	55.1	61.0	52.8	78.6	68.0	59.3
Own unincorporated business income	%	6.0	5.7	6.4	5.4	7.3	6.5	*6.0	*4.0	6.1
Government pensions and allowances	%	25.7	26.8	25.9	31.2	23.8	31.5	*10.9	14.3	26.1
Other income	%	8.6	8.3	7.0	7.7	7.2	8.5	*4.6	13.3	8.0
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Contribution of government pensions and allowances to gross household income										
Nil or less than 1%	%	44.2	43.8	43.3	38.8	46.0	37.0	53.4	57.2	43.7
1% to less than 20%	%	19.9	20.5	20.9	19.2	19.6	19.3	22.5	24.3	20.2
20% to less than 50%	%	9.9	8.9	9.2	10.3	10.1	12.6	*13.2	*3.9	9.5
50% to less than 90%	%	8.1	9.6	8.7	9.5	7.9	10.4	*4.6	*3.7	8.6
90% and over	%	17.5	16.9	17.2	21.6	15.7	20.1	*6.3	10.6	17.3
Total(c)	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Tenure and landlord type										
Owner without a mortgage	%	34.9	37.3	32.0	34.6	29.8	39.3	18.4	27.3	34.3
Owner with a mortgage	%	33.5	34.8	34.7	35.0	39.8	33.8	37.2	42.5	35.0
Renter										
State/territory housing authority	%	5.0	3.7	3.6	8.1	4.0	5.2	*11.7	8.0	4.7
Private landlord	%	22.8	21.3	24.8	18.9	20.2	16.9	20.5	19.4	22.0
Other landlord type	%	1.6	*0.9	2.9	1.7	2.7	*2.5	*8.2	*1.9	1.9
Total renters	%	29.4	25.9	31.2	28.8	26.9	24.7	40.4	29.3	28.5
Other tenure type	%	2.1	2.1	2.1	1.6	3.5	2.2	*4.0	**0.9	2.2
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Family composition of household										
One family households										
Couple family with dependent children	%	27.4	25.7	26.3	23.2	25.6	22.8	36.5	29.0	26.2
One parent family with dependent children	%	6.1	7.2	7.0	8.0	6.8	7.2	*6.3	5.0	6.8
Couple only	%	25.6	24.8	26.8	25.7	26.3	28.1	21.9	26.9	25.8
Other one family households	%	13.5	12.4	9.9	10.1	8.9	9.0	*10.4	7.5	11.5
Multiple family households	%	1.6	*0.6	*1.1	**0.4	*0.8	**0.2	**1.9	**1.0	1.0
Non-family households										
Lone person	%	23.2	26.2	24.7	30.5	29.1	29.8	18.9	27.0	25.7
Group households	%	2.5	3.0	4.2	2.2	2.4	2.9	*4.1	*3.7	3.0
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average number in household										
Employed persons	no.	1.3	1.3	1.3	1.2	1.3	1.1	1.6	1.4	1.3
Dependent children	no.	0.7	0.6	0.6	0.6	0.6	0.6	0.8	0.6	0.6
Persons										
Under 18 years	no.	0.6	0.6	0.6	0.5	0.6	0.6	0.8	0.6	0.6
18 to 64 years	no.	1.6	1.6	1.6	1.5	1.5	1.5	1.9	1.7	1.6
65 years and over	no.	0.3	0.3	0.3	0.3	0.3	0.3	*0.1	0.2	0.3
Total	no.	2.6	2.5	2.5	2.4	2.4	2.4	2.8	2.5	2.5
Estimated number in population										
Households	'000	2 569.7	1 987.9	1 545.0	637.9	803.7	200.2	53.2	128.5	7 926.2
Persons	'000	6 675.7	4 975.2	3 884.4	1 504.3	1 943.1	477.6	150.5	319.7	19 930.7
Number of households in sample	no.	2 363	1 843	1 694	1 332	1 366	777	163	423	9 961

\* estimate has a relative standard error of 25% to 50% and should be used with caution

\*\* estimate has a relative standard error greater than 50% and is considered too unreliable for general use

- nil or rounded to zero (including null cells)

(a) Households in collection districts defined as very remote were excluded, accounting for about 24% of the population in the NT

(b) As the balance of state is not available for the ACT, estimates for the ACT are the same as those for Canberra (see Table 14)  
(c) Includes households with nil or negative total income

## About this Release

Previously: Released under various other titles from 1978-79 to 1999-2000

Provides estimates of income received by households, classified by various characteristics. Also includes summary measures of the distribution of household income in Australia. Classifications used to describe households include income quintile, net worth quintile, principal source of household income, family composition, tenure type, and geographic location. For each category of household, estimates of net worth, household size, and other characteristics are provided in addition to the estimates of income.

Irregular from 1978-79 to 2002-03. Biennial from 2003-04.

## Explanatory Notes

### Explanatory Notes

#### EXPLANATORY NOTES

#### INTRODUCTION

**1** This publication presents a summary of the findings from the 2005-06 Survey of Income and Housing (SIH). The survey collected detailed information about the income, assets, liabilities and household characteristics of persons aged 15 years and over resident in private dwellings throughout Australia.

**2** The **Survey of Income and Housing, Australia: User Guide, 2005-06** (cat. no. 6553.0), expected to be released in August 2007, will assist users in evaluating and interpreting results from this survey.

**3** The SIH was conducted continuously from 1994-95 to 1997-98, and then in 1999-2000, 2000-01, 2002-03, 2003-04 and 2005-06. The 2005-06 SIH collected information from a sample of approximately 10,000 households over the period July 2005 to June 2006. Future cycles of the SIH will be conducted every two years.

**4** Previous surveys of household income were conducted by the Australian Bureau of Statistics (ABS) in 1979, 1982, 1986 and 1990. These surveys were generally conducted over a two-month period, compared to a twelve-month period for the SIH. The SIH also included improvements to the survey weighting and estimation procedures, changes to the population in scope and changes to interviewing methods.

#### Changes in this issue

**5** The 2005-06 SIH was run as a stand alone survey, whereas the 2003-04 SIH was integrated with the Household Expenditure Survey (HES). This may have had an impact on response bias. The HES and SIH will be integrated each time the HES is run, with the next HES scheduled for 2009-10.

**6** The 2005-06 SIH survey content was largely a repeat of that used in the 2003-04 SIH, with some minor wording changes.

**7** Changes in this issue are:

- the inclusion of all salary sacrificed amounts in wages and salaries estimates for 2003-04 and 2005-06. In previous issues estimates have included only some salary sacrificed amounts. Some of the 2003-04 income estimates included in this issue have therefore been revised to include additional salary sacrificed amounts (in Tables 1 to 3 and A3). See Appendix 4 for more information.
- the use of more detailed age benchmarks when determining the weights to be allocated to each unit in

2005-06 estimates. For further information refer to paragraph 52 of the Explanatory Notes.

- minor errors in a few numbers appearing in the previous issue for Tables 1, 2 and 3 for the years 1994-95 to 1997-98 have been corrected.

## CONCEPTS AND DEFINITIONS

**8** The concepts and definitions relating to statistics of income and net worth are described in the following section. Other definitions are included in the glossary.

### Person and household data

**9** A major determinant of economic wellbeing for most people is the level of income they and other family members in the same household receive.

**10** While income is usually received by individuals, it is normally shared between partners in a couple relationship and with dependent children. To a lesser extent, it may be shared with other children, other relatives and possibly other people living in the same household, for example through the provision of free or cheap accommodation. This is particularly likely to be the case for children other than dependants and other relatives with low levels of income of their own. Even when there is no transfer of income between members of a household, nor provision of free or cheap accommodation, members are still likely to benefit from the economies of scale that arise from the sharing of dwellings.

**11** Household characteristics, including household income, are therefore the main information required for analysing income distribution. However, it is the number of people who belong to households with particular characteristics, rather than the number of households with those characteristics, that is of primary interest in measuring income distribution and leads to the preference for the equal representation of those persons in such analysis. For example, if the person is used as the unit of analysis rather than the household, then the representation in the income distribution of each person in a household comprising four persons is the same as that for each person in a household comprising two persons. In contrast, if the household were to be used as the unit of analysis, each person in the four person household would only have half the representation of each person in the two person household.

**12** In this publication, the income distribution measures are all calculated with respect to persons, including children. Such measures are sometimes known as person weighted estimates. They are described in more detail in Appendix 1. Nevertheless, as most of the relevant characteristics of persons relate to their household circumstances, Tables 6 to 16 primarily describe the households to which people belong.

### Income

**13** Income refers to regular and recurring cash receipts from employment, investments and transfers from government, private institutions and other households. This differs from the household income definition used in the Australian System of National Accounts (ASNA). A detailed comparison of 1997-98 SIH and ASNA estimates was published as an appendix to the 1997-98 issue of this publication. Comparison of SIH data from 1994-95 to 2005-06 with ASNA data indicated that the relationship between the two estimates had not changed significantly over that period.

**14** Sources from which income may be received include:

- wages and salaries (whether from an employer or own incorporated business), including income provided as part of a salary sacrifice arrangement
- profit/loss from own unincorporated business (including partnerships)
- investment income (interest, rent, dividends, royalties)
- government pensions and allowances
- private cash transfers (e.g. superannuation, regular workers' compensation, income from annuities, child support, and other transfers from other households).

**15** Receipts which are excluded from income because they are not regular or recurring cash payments include:

- income in kind including employee benefits such as the provision of a house or a car and employer



contributions to pension and superannuation funds, except when provided as part of a salary sacrifice arrangement

- capital transfers such as inheritances and legacies, maturity payments on life insurance policies, lump sum compensation for injuries or other damage
- capital gains and losses.

**16** Receipts of family tax benefit are treated as income, regardless of whether they are received fortnightly or as a lump sum. The aged persons' savings bonus and self-funded retirees' supplementary bonus, paid as part of the introduction of The New Tax System in 2000-01, are regarded as capital transfers as they were designed to help retired people maintain the value of their savings and investments following the introduction of the GST. However, the one-off payment to seniors paid in 2000-01, the one-off payment to families paid in 2003-04 and the one-off payments to carers paid in 2003-04, 2004-05 and 2005-06 are included as income as they were primarily a supplement to existing income support payments. The maternity payment introduced in July 2004 is also included as income.

### **Gross income**

**17** Gross income is the sum of the income from all sources before income tax and the Medicare levy have been deducted. Prior to 2005-06, family tax benefit paid through the tax system or as a lump sum was excluded from gross income for practical reasons. In 2005-06 these payments have been included in gross income.

### **Disposable income**

**18** Disposable income better represents the economic resources available to meet the needs of households. It is derived by deducting estimates of personal income tax and the Medicare levy from gross income.

**19** Income tax and Medicare levy payments are estimated for all households using taxation criteria for 2005-06 and the income and other characteristics of household members reported in the survey.

**20** Prior to 2005-06 the derivation of disposable income also included the addition of family tax benefit paid through the tax system or as a lump sum by Centrelink since for practical reasons it was not included in the gross income estimates.

### **Equivalised disposable income**

**21** Most analyses in this publication use equivalised disposable income rather than gross or disposable income since it enables comparison of the relative economic wellbeing of households of different size and composition. Equivalised disposable income is calculated by adjusting disposable income by the application of an equivalence scale. This adjustment reflects the requirement for a larger household to have a higher level of income to achieve the same standard of living as a smaller household. Where disposable income is negative, it is set to zero equivalised disposable income.

**22** When household income is adjusted according to an equivalence scale, the equivalised income can be viewed as an indicator of the economic resources available to a standardised household. For a lone person household, it is equal to income received. For a household comprising more than one person, equivalised income is an indicator of the household income that would be required by a lone person household in order to enjoy the same level of economic wellbeing as the household in question.

**23** For more information on equivalised income see Appendix 3.

### **Lowest income decile**

**24** While equivalised income generally provides a useful indicator of economic wellbeing, there are some circumstances which present particular difficulties. Some households report extremely low and even negative income in the survey, which places them well below the safety net of income support provided by social security pensions and allowances. Households may underreport their incomes in the survey at all income levels, including low income households. However, households can correctly report low levels of income if they incur losses in their

unincorporated business or have negative returns from their other investments.

**25** Studies of income and expenditure reported in HES surveys have shown that such households in the bottom income decile and with negative gross incomes tend to have expenditure levels that are comparable to those of households with higher income levels (and slightly above the average expenditures recorded for the fifth income decile). This suggests that these households have access to economic resources such as wealth, or that the instance of low or negative income is temporary, perhaps reflecting business or investment start up. Other households in the lowest income decile in past surveys had average incomes at about the level of the single pension rate, were predominantly single person households, and their principal source of income was largely government pensions and allowances. However, on average, these households also had expenditures above the average of the households in the second income decile, which is not inconsistent with the use of assets to maintain a higher standard of living than implied by their incomes alone.

**26** It can therefore be reasonably concluded that many of the households included in the lowest income decile are unlikely to be suffering extremely low levels of economic wellbeing. Income distribution analysis may lead to inappropriate conclusions if such households are used as the basis for assessing low levels of economic wellbeing. For this reason, tables showing statistics classified by income quintile include a supplementary category comprising the second and third income deciles, which can be used as an alternative to the lowest income quintile. (For an explanation of quintiles and deciles, see Appendix 1.)

**27** With the 2003-04 HES, analysis of households in the lowest income decile was improved through direct observation of the expenditure and net worth of these households. An examination of these low income households was presented in Appendix 4 of **Household Wealth and Wealth Distribution, 2003-04** (cat. no 6554.0).

### **Final income**

**28** A more detailed analysis of 'final' income which looks at the impact of government social transfers in kind (ie non-cash benefits) and taxes on production requires detailed information on expenditure patterns which is not available in the SIH. For details of this type of 'final' income analysis see **Government Benefits, Taxes and Household Income, Australia, 2003-04** (cat. no. 6537.0).

### **Weekly income**

**29** Income is collected using a number of different reporting periods, such as the whole financial year for own unincorporated business and investment income, and the usual payment for a period close to the time of interview for wages and salaries, other sources of private income and government pensions and allowances. The income reported is divided by the number of weeks in the reporting period. Estimates of weekly income in this publication do not therefore refer to a given week within the reference period of the survey.

### **Annual income**

**30** The tables in the main body of this publication refer to 'current' weekly income, that is, income being received at the time the data were collected from respondents. The survey also produces measures of 'annual' income that reflect total incomes for the previous financial year. Appendix 2 explains how current income differs from annual income, notes some of the advantages and disadvantages of the two types of measure and presents some 'annual' income estimates.

### **Net worth**

**31** Net worth, often referred to as wealth, is the value of a household's assets less the value of its liabilities. Assets can take many forms including:

- produced tangible fixed assets that are used repeatedly and for more than one year, such as dwellings and their contents, vehicles, and machinery and equipment used in businesses owned by households
- intangible fixed assets such as computer software and artistic originals
- business inventories of goods
- non-produced assets such as land
- financial assets such as bank deposits, shares, superannuation account balances, and the outstanding value

of loans made to other households or businesses.

**32** Liabilities are primarily the value of loans outstanding including:

- mortgages
- study loans
- investment loans
- credit card debts
- debt on other loans such as personal loans to purchase vehicles.

**33** In the SIH, some asset and liability data is collected on a net basis rather than collecting for each component listed above. For example, if a survey respondent owns or part owns a business, they are asked how much they would receive if they sold their share of the business and paid off any outstanding debts.

**34** While this publication provides some household net worth statistics, principally to aid income analysis, a more comprehensive range of household asset and liability information is expected to be released in October 2007 in **Household Wealth and Wealth Distribution, 2005-06** (cat. no. 6554.0). While net worth data were collected in respect of 2003-04 and 2005-06, they are not being collected in the 2007-08 survey. The comprehensive wealth data will in future be collected only in years when the HES is conducted. The next HES is scheduled for 2009-10.

## **SURVEY METHODOLOGY**

### **Scope**

**35** The survey collects information by personal interview from usual residents of private dwellings in urban and rural areas of Australia, covering about 98% of the people living in Australia. Private dwellings are houses, flats, home units, caravans, garages, tents and other structures that were used as places of residence at the time of interview. Long-stay caravan parks are also included. These are distinct from non-private dwellings which include hotels, boarding schools, boarding houses and institutions. Residents of non-private dwellings are excluded.

**36** The survey also excludes:

- households which contain members of non-Australian defence forces stationed in Australia
- households which contain diplomatic personnel of overseas governments
- households in collection districts defined as very remote - this has only a minor impact on aggregate estimates except in the Northern Territory where such households account for about 24% of the population.

### **Data collection**

**37** Information for each household was collected using:

- a household level computer assisted interview questionnaire which collected information on household characteristics, assets and liabilities
- an individual level computer assisted interview questionnaire which collected information on income and other personal characteristics from each usual resident aged 15 years and over.

**38** Sample copies of the above documents are included in the **Survey of Income and Housing, Australia: User Guide, 2005-06** (cat. no. 6553.0) to be released in August 2007.

### **Sample design**

**39** The sample was designed to produce reliable estimates for broad aggregates for households resident in private dwellings aggregated for Australia, for each state and for the capital cities in each state and territory. More detailed estimates should be used with caution, especially for Tasmania, the Northern Territory and the Australian Capital Territory (see Appendix 5).

**40** For the 2005-06 SIH, dwellings were selected through a stratified, multistage cluster design. Selections were distributed across a twelve month enumeration period so that the survey results would be representative of income

patterns across the year. In the final quarter of enumeration, 25% of the selected dwellings were deselected from the sample. This reduced the overall number of dwellings selected to participate in the survey. This outcome will increase the standard error in the final quarter estimates and hence the standard error in the annualised estimates. This increase in standard error is included in the error estimation. The relative change in sample size across the enumeration quarters may also introduce some bias to the annualised estimates but this is expected to be much less than the standard error.

### Non-responding households

**41** Of the selected dwellings there were 12,311 in the scope of the survey. Of these, 2,350 did not respond at all to the questionnaire, or did not respond adequately. Such households included:

- households affected by death or illness of a household member
- households in which the significant person(s) in the household did not respond because they could not be contacted, had language problems or refused to participate
- households in which the significant person(s) did not respond to key questions.

### Partial response and imputation

**42** Some other households did not supply all the required information but supplied sufficient information to be retained in the sample. Such partial response occurs when:

- income or other data in a questionnaire are missing from one or more non-significant person's records because they are unable or unwilling to provide the data
- all key questions are answered by the significant person(s) but other data are missing.

**43** In these cases, the data provided are retained and the missing data are imputed by replacing each missing value with a value reported by another person (referred to as the donor).

**44** Donor records are selected by finding fully responding persons with matching information on various characteristics (such as state, sex, age, labour force status and income) as the person with missing information. As far as possible, the imputed information is an appropriate proxy for the information that is missing. Depending on which values are to be imputed, donors are randomly chosen from the pool of individual records with complete information for the block of questions where the missing information occurs.

**45** In previous SIH surveys, responses were also imputed when not every person aged 15 or over residing in the household responds, but the significant person(s) provide(s) answers to all key questions. In 2005-06 these households were regarded as non-responding.

### Final sample

**46** The final sample on which estimates were based, is composed of persons for which all necessary information is available. The information may have been wholly provided at the interview (fully-responding) or may have been completed through imputation for partially responding households. Of the selected dwellings, there were 12,311 in the scope of the survey, of which 9,961 (80.9%) were included as part of the final estimates. The final sample consists of those 9,961 households, comprising 19,212 persons aged 15 years old and over. The final sample includes 2,441 households which had at least one imputed value in either income or assets and liabilities. For 57% of these households only a single value was missing, and most of these were for superannuation assets or a minor source of income for the household.

**SIH Final Sample: Number of households, 2005-06**

	Capital city		Balance of State		Total	
	Households no.	Persons(a) no.	Households no.	Persons(a) no.	Households no.	Persons(a) no.
NSW	1 415	2 879	948	1 807	2 363	4 686
Vic.	1 247	2 478	596	1 102	1 843	3 580
Qld	798	1 530	896	1 753	1 694	3 283
SA	1 037	1 934	295	534	1 332	2 468
WA	1 031	1 987	335	622	1 366	2 609
Tas.	337	641	440	787	777	1 428

NT	117	246	46	82	163	328
ACT	423	830	-	-	423	830
Aust.	6 405	12 525	3 556	6 687	9 961	19 212

- nil or rounded to zero (including null cells)

(a) Number of persons aged 15 years and over

## Weighting

**47** Weighting is the process of adjusting results from a sample survey to infer results for the total in scope population whether that be persons or households. To do this, a 'weight' is allocated to each sample unit e.g. a person or a household. The weight is a value which indicates how many population units are represented by the sample unit. The first step in calculating weights for each unit is to assign an initial weight, which is the inverse of the probability of being selected in the survey. For example, if the probability of a household being selected in the survey was 1 in 600, then the household would have an initial weight of 600 (that is, it represents 600 households).

**48** The initial weights are then calibrated to align with independent estimates of the population of interest, referred to as 'benchmarks'. Weights calibrated against population benchmarks ensure that the survey estimates conform to the independently estimated distribution of the population rather than to the distribution within the sample itself.

**49** The SIH survey was benchmarked to the in scope estimated resident population (ERP) and the estimated number of households in the population.

**50** Three types of benchmarks are used in the calibration of the final weights:

- numbers of persons aged 15 and over
- numbers of children under age 15
- numbers of households.

**51** Person benchmarks for persons aged 15 and over are estimates of the number of people in each state and territory by age and sex, the number of people in each state and the ACT by labour force status and the number of people in each state living in the capital city or the balance of the state.

**52** The benchmark variables used are the same as those used in the 2003-04 SIH. The only change has been in the age groups which now consist of mainly 5 year groups instead of 10 year groups, and extending the benchmarking for older ages by splitting a broad category for those aged 65 years and over into three categories for 65-69 years, 70-74 years and 75 years and over. The expanded detail for age groups in SIH 2005-06 aims to improve estimates across all ages, but particularly for older people. The impact of this change on all other estimates not involving age is expected to be minimal.

**53** A separate set of benchmarks is used for children under 15, since there are not individual person records for them in the survey. Information about children is recorded on household records, however, and benchmarks for the number of children aged 0-4 and aged 5-14 are used for each state and territory.

**54** Numbers of households are calibrated to benchmarks for total Australia with respect to household composition (based on the number of adults (1, 2 or 3) and whether or not the household contains children).

**55** The person and household benchmarks are based on estimates of numbers of persons and households in Australia. The benchmarks are adjusted to include persons and households residing in private dwellings only and therefore do not, and are not intended to, match estimates of the Australian resident population published in other ABS publications.

## Estimation

**56** Estimates produced from the survey are usually in the form of averages (e.g. average weekly income of couple households with dependent children), or counts (e.g. total number of households that own their dwelling or total number of persons living in households that own their own dwelling). For counts of households, the estimate was obtained by summing the weights for the responding households in the required group (e.g. those owning their own dwelling). For counts of persons, the household weights were multiplied by the number of persons in the household

before summing. The SIH collects data on the number of people, including children, in each household but separate records with income and other detailed data were only collected for people 15 years and older. Therefore, counts of persons cannot be obtained by summing the weights of all persons.

**57** Average income values are obtained in two different ways, depending on whether mean gross household income or mean equivalised disposable household income is being derived. Estimates of mean gross household income are calculated on a household weighted basis. They are obtained by multiplying the gross income of each household by the weight of the household, summing across all households and then dividing by the estimated number of households. For example, the mean gross household income of couple households with dependent children is the weighted sum of the gross income of each such household divided by the estimated number of those households. Estimates of mean equivalised disposable household income are calculated on a person weighted basis. They are obtained by multiplying the equivalised disposable income of each household by the number of people in the household (including children) and by the weight of the household, summing across all households and then dividing by the estimated number of people in the population group. Appendix 3 illustrates the differences between mean gross household income calculated on a household weighted basis and mean equivalised disposable household income calculated on a person weighted basis.

## **RELIABILITY OF ESTIMATES**

**58** The estimates provided in this publication are subject to two types of error, non-sampling and sampling error.

### **Non-sampling error**

**59** Non-sampling error can occur in any collection, whether the estimates are derived from a sample or from a complete collection such as a census. Sources of non-sampling error include non-response, errors in reporting by respondents or recording of answers by interviewers and errors in coding and processing the data.

**60** Non-sampling errors are difficult to quantify in any collection. However, every effort is made to reduce non-sampling error to a minimum by careful design and testing of the questionnaire, training of interviewers and data entry staff and extensive editing and quality control procedures at all stages of data processing.

**61** One of the main sources of non-sampling error is non-response by persons selected in the survey. Non-response occurs when people cannot or will not cooperate or cannot be contacted. Non-response can affect the reliability of results and can introduce a bias. The magnitude of any bias depends upon the level of non-response and the extent of the difference between the characteristics of those people who responded to the survey and those who did not.

**62** The following methods were adopted to reduce the level and impact of non-response:

- face-to-face interviews with respondents
- the use of interviewers who could speak languages other than English, where necessary
- follow-up of respondents if there was initially no response
- imputation of missing values
- ensuring that the weighted data is representative of the population (in terms of demographic characteristics) by aligning the estimates with population benchmarks.

### **Sampling error**

**63** The estimates are based on a sample of possible observations and are subject to sampling variability. The estimates may therefore differ from the figures that would have been produced if information had been collected for all households. A measure of the sampling error for a given estimate is provided by the standard error, which may be expressed as a percentage of the estimate (relative standard error). Further information on sampling error is given in Appendix 5.

## **ACKNOWLEDGMENT**

**64** ABS publications draw extensively on information provided freely by individuals, businesses, governments and other organisations. Their continued cooperation is very much appreciated: without it, the wide range of statistics

published by the ABS would not be available. Information received by the ABS is treated in strict confidence as required by the **Census and Statistics Act 1905**.

## STANDARD PRODUCTS

**65** This publication provides a summary of the income related data available from the SIH. Additional tables (product number 6523.0.55.001) have been released on the ABS web site concurrently with this publication, including tables of counts relating to publication tables of proportions, as well as more detailed dissections, such as by age of persons in the household, and additional classifications.

## SPECIAL DATA SERVICES

**66** The ABS offers specialist consultancy services to assist clients with more complex statistical information needs. Clients may wish to have the unit record data analysed according to their own needs, or require tailored tables incorporating data items and populations as requested by them. Tables and other analytical outputs can be made available electronically or in printed form. However, as the level of detail or disaggregation increases with detailed requests, the number of contributors to data cells decreases. This may result in some requested information not being able to be released due to confidentiality or sampling variability constraints. All specialist consultancy services attract a service charge, and clients will be provided with a quote before information is supplied. For further information, contact ABS information consultants on 1300 135 070.

## UNIT RECORD FILE

**67** It is expected that a confidentialised unit record file (CURF) from the 2005-06 SIH will be released on CD-ROM in August 2007. It is also expected that a more detailed SIH CURF will be available through the ABS Remote Access Data Laboratory. A full range of up-to-date information about the availability of ABS CURFs and about applying for access to CURFs is available via the ABS web site <<https://www.abs.gov.au>> (see Services We Provide, Confidentialised Unit Record Files (CURFs)). Inquiries to the ABS CURF Management Unit should email: [curf.management@abs.gov.au](mailto:curf.management@abs.gov.au), or telephone (02) 6252 5853.

## RELATED PUBLICATIONS

**68** Users may wish to refer to the following ABS products which relate to income:

**Household Income and Income Distribution, Australia, Detailed Tables**, cat. no. 6523.0.55.001  
**Government Benefits, Taxes and Household Income, Australia, 2003-04**, cat. no. 6537.0  
**Household Expenditure Survey, Australia: Summary of Results, 2003-04**, cat. no. 6530.0  
**Household Expenditure Survey, Detailed Expenditure Items, 2003-04**, cat. no. 6535.0.55.001  
**Housing Occupancy and Costs, Australia**, cat. no. 4130.0.55.001  
**Labour Force, Australia**, cat. no. 6202.0 - issued monthly  
**Average Weekly Earnings, Australia**, cat. no. 6302.0 - issued quarterly  
**Measuring Wellbeing: Frameworks for Australian Social Statistics, 2001**, cat. no. 4160.0  
**Measures of Australia's Progress, 2006**, cat. no. 1370.0  
**Information Paper: Experimental Estimates of Personal Income for Small Areas, Taxation and Income Support Data, 1995-96 to 2000-01**, cat. no. 6524.0  
**Household Wealth and Wealth Distribution, Australia**, cat. no. 6554.0  
**Information paper: Changes to ABS Measures of Employee Remuneration, Australia, 2006**, cat. no. 6313.0

**69** The SIH User Guide (cat. no. 6553.0) is expected to be released in August 2007.

**70** Users may also wish to refer to the following non-ABS products which relate to income:

**Taxation Statistics 2004-05**, A summary of taxation, superannuation and industry benchmark statistics (Australian Taxation Office)  
**Statistical Paper No. 3: Income support customers: A statistical overview 2004**. (Department of Families, Community Services and Indigenous Affairs)  
**Household, Income and Labour Dynamics in Australia (HILDA) Survey, Annual Report 2006** (Melbourne Institute of Applied Economic and Social Research)

# Glossary

## GLOSSARY

### Balance of state

That part of each Australian state or territory not defined as capital city. Balance of state estimates for Northern Territory are regarded as too unreliable to publish separately since they exclude collection districts defined as very remote which account for a significant proportion of the population. All of the Australian Capital Territory is defined as capital city for this publication.

### Capital city

Refers to Australia's six State capital city Statistical Divisions and the Darwin Statistical Division as defined in the **Australian Standard Geographical Classification (ASGC)** (cat. no. 1216.0). For the Australian Capital Territory the estimates relate predominantly to urban areas.

### Collection District (CD)

The Census Collection District (CD) is the smallest geographic area defined in the **Australian Standard Geographical Classification (ASGC)** (cat. no. 1216.0).

### Consumer Price Index (CPI)

A general measure of price inflation for the household sector in Australia. Specifically, it provides a measure of changes, over time, in the cost of a constant basket of goods and services acquired by the capital city households in Australia.

### Couple

See One family households.

### Couple family with dependent children

See One family households.

### Deciles

Groupings that result from ranking all households or persons in the population in ascending order according to some characteristic such as their household income and then dividing the population into 10 equal groups, each comprising 10% of the estimated population.

### Dependent children

All persons aged under 15 years; and persons aged 15-24 years who are full-time students, have a parent in the household and do not have a partner or child of their own in the household.

### Disposable income

Gross income after income tax and the Medicare levy are deducted. Income tax and the Medicare levy are imputed based on each person's income and other characteristics as reported in the survey. Disposable income is sometimes referred to as net income.

### Employed

Persons aged 15 years and over who, during the week before the interview:

- worked one hour or more for pay, profit, commission or payment in kind in a job or business, or on a farm



(includes employees, employers and own account workers)

- worked one hour or more, without pay, in a family business or on a family farm
- had a job, business or farm but was not at work because of holidays, sickness or other reason.

## **Employee**

An employed person who, for most of his/her working hours:

- works for a public or private employer and receives remuneration in wages or salary, or is paid a retainer fee by his/her employer and works on a commission basis, or works for an employer for tips, piece-rates or payment in kind
- operates their own incorporated business with or without employees.

## **Employer**

A person who operates his or her own unincorporated business or engages independently in a profession or trade, and hires one or more employees.

## **Equivalised disposable household income**

Disposable household income adjusted using an equivalence scale. For a lone person household it is equal to disposable household income. For a household comprising more than one person, it is an indicator of the disposable household income that would need to be received by a lone person household to enjoy the same level of economic wellbeing as the household in question. For further information see Appendix 3.

## **Family**

Two or more people, one of whom is at least 15 years of age, who are related by blood, marriage (registered or de facto), adoption, step or fostering and who usually live in the same household. A separate family is formed for each married couple, or for each set of parent-child relationships where only one parent is present.

## **Family composition of household**

Classifies households into three broad groupings based on the number of families present (one family, multiple family and non-family). One family households are further disaggregated according to the type of family (such as couple family or one parent family) and according to whether or not dependent children are present. Non-family households are disaggregated into lone person households and group households.

## **Full-time student**

A person 15 years or over who is classified as a full-time student by the institution they attend, or considers himself/herself to be a full-time student. Full-time study does not preclude employment.

## **Gini coefficient**

A summary measure of inequality of income distribution. For further information see Appendix 1.

## **Government pensions and allowances**

Income support payments from government to persons under social security and related government programs. Included are pensions and allowances received by aged, disabled, unemployed and sick persons, families and children, veterans or their survivors, and study allowances for students. All overseas pensions and benefits are included here, although some may not be paid by overseas governments. The one-off payment to seniors paid in 2000-01, the one-off payment to families paid in 2003-04 and the one-off payments to carers paid in 2003-04, 2004-05 and 2005-06 are included. Family tax benefit is also regarded as income. However, prior to 2005-06 family tax benefit paid through the tax system or as a lump sum by Centrelink was only included in disposable income, and not gross income.

## **Gross income**

Regular cash receipts (including salary sacrificed income) before income tax or the Medicare levy are deducted.

### **Group household**

See Non-family household.

### **Household**

A person living alone or a group of related or unrelated people who usually live in the same private dwelling.

### **Income**

Regular and recurring cash receipts including money received from:

- wages and salaries (whether from an employer or own incorporated enterprise), including income provided as part of a salary sacrifice arrangement
- profit/loss from own unincorporated business (including partnerships)
- investment income (interest, rent, dividends, royalties)
- government pensions and allowances
- private cash transfers (e.g. superannuation, regular workers' compensation, income from annuities, child support, and other transfers from other households).

Gross income is the sum of the income from all these sources before income tax or the Medicare levy are deducted. Other measures of income are disposable income and equivalised disposable income.

Note that child support and other transfers from other households are not deducted from the incomes of the households making the transfers. See also Gross income, Disposable income and Equivalised disposable income.

### **Incorporated business**

An incorporated business is a company that has a registered business name with the **Australian Securities and Investment Commission** (ASIC) and a legal status which is separate to that of the individual owners of the business.

### **Labour force status**

Classifies all persons aged 15 years and over according to whether they were employed, unemployed or not in the labour force.

### **Landlord type**

For renters, the type of entity to whom rent is paid or with whom the tenure contract or arrangement is made. Renters are classified to one of the following categories:

- state/territory housing authority - where the household pays rent to a state or territory housing authority or trust
- private landlords - where the household pays rent to a real estate agent or to another person not in the same household
- other - where the household pays rent to the owner/manager of a caravan park, an employer (including a government authority), a housing cooperative, a community or church group, or any other body not included elsewhere.

### **Lone person household**

See Non-family households.

### **Mean household net worth**

The total net worth of a group of households divided by the number of households in the group.

**Mean income**

The total income received by a group of units divided by the number of units in the group. For more detail about household weighted and person weighted means, see Appendix 1.

**Median income**

That level of income which divides the units in a group into two equal parts, one half having incomes above the median and the other half having incomes below the median. For more detail about household weighted and person weighted medians, see Appendix 1.

**Medicare levy**

Medicare is Australia's universal health care system. The Medicare levy is a specific tax, based on individual income, intended to assist in the funding of this system.

**Multiple family household**

A household containing two or more families. Unrelated individuals may also be present.

**Negative income**

Income may be negative when a loss accrues to a household as an owner or partner in unincorporated businesses or rental properties. Losses occur when operating expenses and depreciation are greater than gross receipts.

**Net worth**

Net worth is the value of a household's assets less the value of its liabilities. For further information refer to paragraphs 31 to 34 in Explanatory Notes.

**Non-dependent children**

Persons aged 15 years and over who:

- do not have a spouse or offspring of their own in the household
- have a parent in the household
- are not full-time students aged 15-24 years.

**Non-family household**

A household that consists of unrelated persons only. Non-family households are classified to one of the following categories:

- Group household - a household consisting of two or more unrelated persons where all persons are aged 15 years and over. There are no reported couple relationships, parent-child relationships or other blood relationships in these households.
- Lone person household - a household consisting of a person living alone.

**Not in the labour force**

Persons not in the categories employed or unemployed as defined.

**One family households**

One family households are classified to one of the following categories:

- Couple only - two persons in a registered or de facto marriage, who usually live in the same household
- Couple family with dependent children - a household consisting of a couple with at least one dependent child. The household may also include non-dependent children, other relatives and unrelated individuals

- One parent family with dependent children - a household comprising a lone parent with at least one dependent child. The household may also include non-dependent children, other relatives and unrelated individuals
- Other one family households - a household comprising:
  - one couple with their non-dependent children only
  - one couple, with or without non-dependent children, plus other relatives
  - one couple, with or without non-dependent children or other relatives, plus unrelated individuals
  - a lone parent with his/her non-dependent children, with or without other relatives and unrelated individuals
  - two or more related individuals where the relationship is not a couple relationship or a parent-child relationship (e.g. two brothers).

### **One parent family with dependent children**

See One family households.

### **Other income**

Income other than wages and salaries, own unincorporated business income and government pensions and allowances. This includes income received as a result of ownership of financial assets (interest, dividends), and of non-financial assets (rent, royalties) and other regular receipts from sources such as superannuation, child support, workers' compensation and scholarships. Income from rent is net of operating expenses and depreciation and may be negative when these are greater than gross receipts.

### **Other one family households**

See One family households.

### **Other tenure type**

A household which is not an owner (with or without a mortgage), or a renter. Includes rent free.

### **Own account worker**

A person who operates his or her own unincorporated business or engages independently in a profession or trade and hires no employees.

### **Own unincorporated business income**

The profit/loss that accrues to persons as owners of, or partners in, unincorporated businesses. Profit/loss consists of the value of gross output of the business after the deduction of operating expenses (including depreciation). Losses occur when operating expenses are greater than gross receipts and are treated as negative income.

### **Owner (of dwelling)**

A household in which at least one member owns the dwelling in which the household members usually reside. Owners are divided into two categories - owners without a mortgage and owners with a mortgage. If there is any outstanding mortgage or loan secured against the dwelling the household is an owner with a mortgage. If there is no mortgage or loan secured against the dwelling the household is an owner without a mortgage.

### **Percentiles**

When all households or persons in the population are ranked from the lowest to the highest on the basis of some characteristic such as their household income, they can then be divided into equal sized groups. Division into 100 groups gives percentiles. The highest value of the characteristic in the tenth percentile is denoted P10. The median or the top of the 50th percentile is denoted P50. P20, P80 and P90 denote the highest values in the 20th, 80th and 90th percentiles. Ratios of values at the top of selected percentiles, such as P90/P10, are often called percentile ratios. See Appendix 1 for information on the use of percentile ratios in analysing distributions.

### **Principal source of income**

That source from which the most positive income is received. If total income is nil or negative the principal source is undefined. As there are several possible sources, the principal source may account for less than 50% of gross income.

### **Private income**

Regular, recurring receipts from private organisations, including wages and salaries, income from own business, superannuation, regular workers' compensation, income from annuities, interest, dividends, royalties, income from rental properties, scholarships and child support.

### **Quintiles**

Groupings that result from ranking all households or persons in the population in ascending order according to some characteristic such as their household income and then dividing the population into five equal groups, each comprising 20% of the estimated population.

### **Ratio of household incomes at top of selected income percentiles**

See Percentiles.

### **Reference person**

The reference person for each household is chosen by applying, to all household members aged 15 years and over, the selection criteria below, in the order listed, until a single appropriate reference person is identified:

- one of the partners in a registered or de facto marriage, with dependent children
- one of the partners in a registered or de facto marriage, without dependent children
- a lone parent with dependent children
- the person with the highest income
- the eldest person.

For example, in a household containing a lone parent with a non-dependent child, the one with the higher income will become the reference person. However, if both individuals have the same income, the elder will become the reference person.

### **Relative standard error (RSE)**

The standard error expressed as a percentage of the estimate for which it was calculated. It is a measure which is independent of both the size of the sample, and the unit of measurement and as a result, can be used to compare the reliability of different estimates. The smaller an estimate's RSE, the more likely it is that the estimate is a good proxy for that which would have been obtained if the whole population had been surveyed. For further information see Appendix 5.

### **Renter**

A household which pays rent to reside in the dwelling. See further classification by Landlord type.

### **Salary packaging**

An arrangement for the employer to remunerate the employee with a combination of cash wages and salaries and one or more non-cash benefits, to the value of the employee's total remuneration.

### **Salary sacrifice**

An arrangement under which an employee agrees contractually to forgo part of the remuneration, which the employee would otherwise receive as wages and salaries, in return for the employer or someone associated with the employer providing benefits of a similar value.

### **Selected dwelling**

The private dwelling selected in the sample for the survey. See the Explanatory Notes for details of types of dwellings and how they are selected for this survey.

### **Significant person**

Significant persons are defined as follows:

- all members of lone person or couple only households
- all parents in a couple with children household or a single parent household
- the person aged 15 years or over in a group household where one person is aged 15 years or over and the other members of the household are less than 15 years old
- 50% of the persons aged 15 years and over in all other households.

### **Standard error**

A measure of the likely difference between estimates obtained in a sample survey and estimates which would have been obtained if the whole population had been surveyed. The magnitude of the standard error associated with any survey is a function of sample design, sample size and population variability. For further information see Appendix 5.

### **Statistical Division (SD)**

The largest spatial units within each state/territory in the main structure of the **Australian Standard Geographical Classification (ASGC)** (cat. no. 1216.0).

### **Tenure type**

The nature of a household's legal right to occupy the dwelling in which the household members usually reside. Tenure is determined according to whether the household owns the dwelling outright, owns the dwelling but has a mortgage or loan secured against it, is paying rent to live in the dwelling or has some other arrangement to occupy the dwelling.

### **Unemployed**

Persons aged 15 years and over who were not employed during the week before the interview and had actively looked for full-time or part-time work at any time in the four weeks before the interview and:

- were available for work in the week before the interview, or
- were waiting to start a new job within four weeks from the interview and would have started in the week before the interview if the job had been available then.

### **Unincorporated business**

A business in which the owner(s) and the business are the same legal entity, so that, for example, the owner(s) are personally liable for any business debts that are incurred.

### **Wages and salaries**

The gross cash income received as a return to labour from an employer or from a person's own incorporated business. Salary sacrificed income is regarded as cash or 'near cash' income and is included in the scope of wages and salaries.

### **Wealth**

See Net worth.

# Abbreviations

## ABBREVIATIONS

The following symbols and abbreviations are used in this publication:

ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory
ASNA	Australian System of National Accounts
Aust.	Australia
CD	Collection District
CPI	consumer price index
CURF	confidentialised unit record file
ERP	estimated resident population
GST	goods and services tax
HES	Household Expenditure Survey
NSW	New South Wales
NT	Northern Territory
OECD	Organisation for Economic Co-operation and Development
PSI	principal source of income
Qld	Queensland
RSE	relative standard error
SA	South Australia
SE	standard error
SIH	Survey of Income and Housing
Tas.	Tasmania
Vic.	Victoria
WA	Western Australia

## Analysing income distribution (Appendix 1)

### APPENDIX 1 ANALYSING INCOME DISTRIBUTION

#### INTRODUCTION

There are many ways to illustrate aspects of the distribution of income and to measure the extent of income inequality. In this publication, five main types of indicator are used - means and medians, frequency distributions, percentile ratios, income shares, and Gini coefficients. This Appendix describes how these indicators are derived.

#### MEAN AND MEDIAN

Mean household income (average household income) and median household income (the midpoint when all persons or households are ranked in ascending order of household income) are simple indicators that can be used to show income differences between subgroups of the population. Many tables in this publication include mean household income and median household income data.

The main income measure used in this publication is equivalised disposable household income, and the means and medians are calculated with respect to the relevant number of persons. This enables people in large households to have the same contribution to the mean/median as people living alone, and is possible because equivalised disposable household income is an indicator of the economic resources available to each individual in a household.

The method for calculating means is described under 'Estimation' in the Explanatory Notes.

In some tables describing households, the mean and median of gross household income are also shown. These measures are calculated with respect to the relevant number of households, not persons. They are sometimes known as household weighted measures.

## **FREQUENCY DISTRIBUTION**

A frequency distribution illustrates the location and spread of income within a population. It groups the population into classes by size of household income and gives the number or proportion of people in each income range. A graph of the frequency distribution is a good way to portray the essence of the income distribution. The second graph (S4) in the Summary of Findings shows the proportion of people within \$50 household income ranges.

Frequency distributions can provide considerable detail about variations in the income of the population being described, but it is difficult to describe the differences between two frequency distributions. They are therefore often accompanied by other summary statistics, such as the mean and median. Taken together, the mean and median can provide an indication of the shape of the frequency distribution. As can be seen in the second graph (S4) in the Summary of Findings, the distribution of income tends to be asymmetrical, with a small number of people having relatively high household incomes and a larger number of people having relatively lower household incomes. The greater the asymmetry, the greater will be the difference between the mean and the median.

## **QUANTILE MEASURES**

When persons (or any other units) are ranked from the lowest to the highest on the basis of some characteristic such as their household income, they can then be divided into equally sized groups. The generic term for such groups is quantiles.

### **Quintiles, deciles and percentiles**

When the population is divided into five equally sized groups, the quantiles are called quintiles. If there are 10 groups, they are deciles, and division into 100 groups gives percentiles. Thus the first quintile will comprise the first two deciles and the first 20 percentiles.

This publication frequently presents data classified into income quintiles, supplemented by data relating to the 2nd and 3rd deciles combined. The latter is included to enable quintile style analysis to be carried out without undue impact from very low incomes which may not accurately reflect levels of economic wellbeing (see paragraphs 25 and 26 in the Explanatory Notes).

Equivalised disposable household income is the income measure used to define the quantiles shown in this publication, and the quantiles each comprise the same number of persons, that is, they are person weighted.

### **Upper values and medians**

In some analyses, the statistic of interest is the boundary between quantiles. This is usually expressed in terms of the upper value of a particular percentile. For example, the upper value of the first quintile is also the upper value of the 20th percentile and is described as P20. The upper value of the ninth decile is P90. The median of a whole population is P50, the median of the 3rd quintile is also P50, the median of the first quintile is P10, etc.

### **Percentile ratios**

Percentile ratios summarise the relative distance between two points on the income distribution. To illustrate the full spread of the income distribution, the percentile ratio needs to refer to points near the extremes of the distribution, for example, the P90/P10 ratio. The P80/P20 ratio better illustrates the magnitude of the range within which the incomes of the majority of the population fall. The P80/P50 and P50/P20 ratios focus on comparing the ends of the income distribution with the midpoint (the median).

### **Income share**

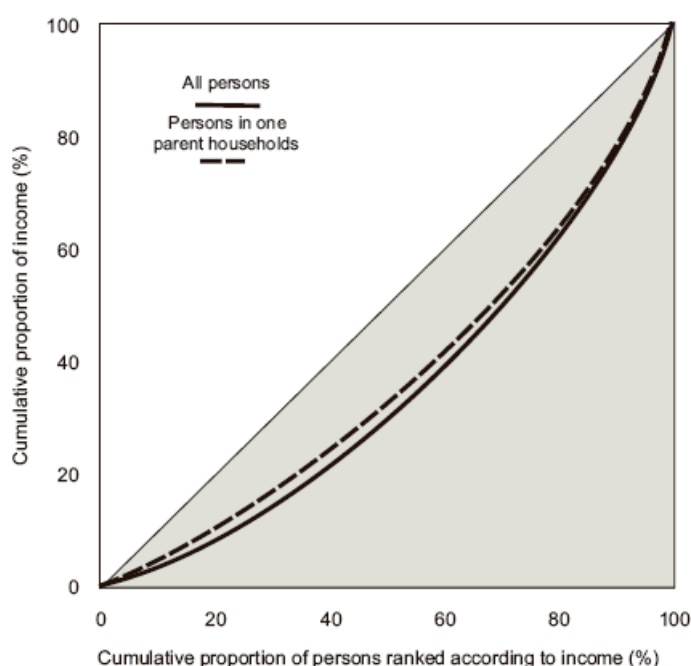
Income shares can be calculated and compared for each income quintile (or any other subgrouping) of a population. The aggregate income of the units in each quintile is divided by the overall aggregate income of the entire population to derive income shares.



## GINI COEFFICIENT

The Gini coefficient is a single statistic which summarises the distribution of income across the population. Some other single statistic summaries of inequality are discussed in Appendix 1 of the 2002-03 issue of this publication.

The Gini coefficient can best be described by reference to the Lorenz curve. The Lorenz curve is a graph with horizontal axis showing the cumulative proportion of the persons in the population ranked according to household income and with the vertical axis showing the corresponding cumulative proportion of equivalised disposable household income. The graph then shows the income share of any selected cumulative proportion of the population, as can be seen below.



If income were distributed evenly across the whole population, the Lorenz curve would be the diagonal line through the origin of the graph. The Gini coefficient is defined as the ratio of the area between the actual Lorenz curve and the diagonal (or line of equality) and the total area under the diagonal. The Gini coefficient ranges between zero when all incomes are equal and one when one unit receives all the income, that is, the smaller the Gini coefficient the more even the distribution of income.

Normally the degree of inequality is greater for the whole population than for a subgroup within the population because subpopulations are usually more homogeneous than full populations. This is illustrated in the graph above, which shows two Lorenz curves from the 2005-06 Survey of Income and Housing. The Lorenz curve for the whole population of the survey is further from the diagonal than the curve for persons living in one parent, one family households, with at least one dependent child. Correspondingly, the calculated Gini coefficient for all persons was 0.307 while the coefficient for the persons in the one parent households included here was 0.263.

## Current and annual income (Appendix 2)

### APPENDIX 2 CURRENT AND ANNUAL INCOME

#### INTRODUCTION

The Survey of Income and Housing (SIH) produces estimates of 'current' income and estimates of full year, or annual, income with respect to the 'previous financial year'. The tables in the main body of this publication refer to 'current' income, that is, estimates of income being received at the time the data were collected from respondents. Current income provides the most up to date information available and in some cases the most accurate information available. But it also has some disadvantages. This appendix discusses the differences in 'current' and 'annual' income measures and presents comparative estimates on both bases.

Table A3 in this appendix compares current gross income with previous financial year gross income for common reference years. For example, the previous financial year income for reference year 1995-96 is compiled from data collected in the 1996-97 SIH, whereas the current income for reference year 1995-96 is compiled from data collected in the 1995-96 SIH.

## **WAGE AND SALARY INCOME**

For wage and salary income, Table A3 in this appendix shows that, for each reference year, aggregate income collected on a previous financial year basis was greater than aggregate income collected on a current basis.

Current wage and salary income relates to usual income from the last payment received by the respondent. The reference period for any individual respondent is likely to be the previous week, fortnight or month, depending on the length of the pay period for the job(s) in which the respondent is employed. The length of the reference period is collected in the survey so that the value can be scaled to a common basis such as dollars per week (as presented in tables in the main body of this publication) or dollars per year (as presented in Table A3 in this appendix).

If current wage or salary income contains a payment for irregular overtime worked in the previous pay period, or a pay bonus that occurs infrequently during the year, the irregular components are excluded. If such payments were included in a weekly or fortnightly pay period estimate, the recipient could appear to be receiving substantially more income annually than is likely to be the case and analysis of the respondent's economic wellbeing would be distorted accordingly.

Excluding the extra payments from current income, on practical grounds of measurement, ignores income that does make a contribution to the economic wellbeing of the recipient. To be able to accommodate the extra payments in a current income measure would require the collection of additional information about payments over a number of pay periods and their nature, so that a reasonable estimate might be made of 'current' income including an appropriate share of irregular payments. This is difficult to achieve in a household interview. By taking wage and salary income for the full preceding financial year and retaining irregular components received during the course of the year, wage and salary data in SIH are collected on the broader basis.

## **GOVERNMENT PENSIONS AND ALLOWANCES**

Current government pensions and allowances also relate to income from the last payment received. Benefits are normally received fortnightly. As with wages and salaries, there are some benefit components, such as quarterly telephone allowance, that are not likely to be included in estimates of current income. They are not as significant a part of total government pensions and allowances as are the irregular components of wage and salary income. Therefore estimates of current government pensions and allowances could be expected to align more closely with previous financial year estimates.

In practice, estimates of government pensions and allowances reported on a previous financial year basis were lower than estimates of government pensions and allowances reported as current income, as can be seen in Table A3 in this appendix. The major cause of the difference appears to be higher underreporting of income received some time earlier compared to underreporting of income currently received.

In cases where it appears likely that an individual SIH respondent has failed to report previous financial year benefits, previous year benefit income is imputed. For example, where a respondent has reported receiving a current benefit such as age pension, is of an age that would qualify for the age pension in the previous year, and that person has not reported receiving significant income from other sources in the previous financial year, it can be assumed that they probably would have also received the age pension in the previous financial year. In such cases, previous financial year age pension has been imputed on the basis of the amount reported as current income, adjusting for benefit rate changes over the previous 12 months.

However, imputation for previous year benefit income, based on likely ongoing entitlement, is not possible for benefits such as Newstart or youth allowance, and Table A3 in this appendix indicates that, in aggregate, previous financial year income falls short of current income after the implementation of the imputation procedure described in the previous paragraph.

## **OWN UNINCORPORATED BUSINESS INCOME**

Estimates of current income from own unincorporated business are quite different in nature to the estimates of current income for the two income sources discussed above.

The concept of business income is a net concept. It is the profit or loss derived by deducting operating expenses (including depreciation) from the value of gross output. In the past, many unincorporated businesses did not calculate profit and loss data more than once a year, and for many businesses there are revenues earned or costs incurred only infrequently during the year. Hence, in earlier surveys, SIH respondents were not asked to provide a value of current business income distinct from the value of business income received in the previous financial year.

Up to and including the 2002-03 SIH cycle, for respondents who had been in business in the previous financial year and who were currently still in business, their current own unincorporated business income was estimated to be the same amount as the previous year income (including if it was a loss), or scaled up to a full year basis if the business only operated for part of the previous year. It was implicitly assumed that any business only commencing operations in the current year would have zero income.

Since the 2003-04 SIH, respondents who currently operated an unincorporated business have been asked to estimate their income from the business for the full current financial year. In many cases, respondents could refer to the Business Activity Statements prepared for the Australian Taxation Office to help them provide an estimate. Even where this was not possible, especially for those respondents interviewed early in the financial year, the respondents are likely to be able to provide a more reasonable estimate than that generated by the methodology used in previous cycles. Under the previous methodology, estimates could have a strong downwards bias, particularly for new businesses, but could also be significantly upwardly biased if the current business circumstances had turned down from the previous year. There is also some likelihood that respondent estimates under the new methodology may be either optimistic or pessimistic and the estimates may have some bias. The new methodology has particularly resulted in far fewer households being recorded with current business incomes that are negative, zero or only slightly positive.

## **INVESTMENT INCOME**

Investment income includes interest and dividend income received as a result of the ownership of financial assets, and rent and royalty income received from the ownership of non-financial assets. The rent component of investment income is measured on a net basis, that is, gross rent less operating expenses. The other components, for which associated expenses are normally relatively small, are on a gross basis. In earlier surveys, estimates of current income for dividends from own incorporated business were estimated in the same way as described above for income from own unincorporated business. For other forms of investment, current income was derived by simply assuming that current income was equal to previous financial year income.

As for own unincorporated business income, since the 2003-04 SIH, respondents are asked to provide an estimate of their expected investment income in the current financial year.

## **OTHER INCOME**

The remaining income sources include superannuation, child support, workers' compensation and scholarships. These are collected both on a current basis and on a previous financial year basis.

## **COMPARISON OF ESTIMATES**

There are two major advantages of the current income estimates compared to previous financial year income estimates. First, they are more up to date. From 2003-04, this applies to all forms of income. For previous surveys, this applies for wages and salaries, for government pensions and allowances and for 'other' income (as defined in the preceding paragraph), which together accounted for 88% of total current income in 2002-03. Second, they appear to be more accurately reported for government pensions and allowances, and may also be more accurately reported for those elements of wages and salaries that are included in current income and for 'other' income.

On the other hand, the previous financial year estimates have the major conceptual advantage of being annual

estimates with more complete coverage of income components. They have a longer time perspective, which while allowing short-term fluctuations in income to have an influence, do not allow short-term situations to potentially dominate the measure being compiled. If a short-term fluctuation has an undue influence on a current income measure, the measure is not a good indicator of underlying economic wellbeing.

The previous financial year income estimates also have the attraction of being internally consistent with respect to the time periods to which the underlying income data relate. Prior to 2003-04, the total current income estimates were compiled from a mix of data collected on a current basis and on a previous financial year basis. This short-coming was addressed in 2003-04, and subsequent years, with the current income estimates for business and investment income being the respondents' estimates of income for the full current financial year.

When analysing previous financial year data, it should be noted that the composition of the household, employment status of members of the household, etc., all relate to the current period. If the composition of the household has changed, previous financial year household income estimates relate to a quasi household. In many cases this will not have a marked effect on the data. If, for example, an additional adult joined the household, their previous financial year income will be included in total 'household' income for the previous financial year, but their presence will be reflected in the household composition data that are used for calculating the equivalising factor for that previous year, muting the impact of the artificially inflated previous year income for the household.

However, the impact of household composition changing between the previous and current years can be more marked. For example, a household may have had an additional member in the previous year and that person may have provided the bulk of the income for the household. But since SIH can only include the previous financial year income of the household members remaining at the time of interview, the household may incorrectly appear to have had very low income in the previous year, perhaps well below the levels which would have entitled members to social security benefits.

Similarly, prior to the 2003-04 SIH, previous financial year data were not collected for respondents who had only arrived in Australia in the current financial year. Therefore any previous financial year income they received while overseas did not contribute to the previous financial year income compiled for the household for 2001-02 and earlier years. But their presence is reflected in the equivalising factor applied to the income of the rest of the household, resulting in an underestimate of equivalised income of the household. While it is possible to omit such households from income distribution calculations, that has not been done for the tables included in this appendix.

Table A4 in this appendix provides income distribution indicators compiled from previous financial year data. It provides alternative estimates to the current income estimates provided in Table 1 in the main body of this publication.

Comparisons can be made between the two tables for the reference periods 1994-95 to 2002-2003, and a summary is given in Table A2 below.

## A2. Selected income distribution indicators, Equivalised disposable household income

		Current income basis			Previous financial year basis			
		1994-95	2002-03	% change	1994-95	2002-03	% change	Difference in % change
Mean income per week, in 2005-06 dollars								
Low income(a)	\$	260	292	12.2	264	296	12.0	-0.2
High income(b)	\$	910	1 056	16.0	926	1 089	17.6	1.6
Income shares								
Low income(a)	%	10.8	10.6	-2.2	10.7	10.5	-2.4	-0.3
High income(b)	%	37.8	38.3	1.2	37.6	38.5	2.3	1.1
Percentile ratios								
P90/P10	ratio	3.78	4.00	5.9	3.90	4.03	3.5	-2.4
P80/P20	ratio	2.56	2.63	3.1	2.62	2.64	0.7	-2.4
Gini coefficient	no.	0.302	0.309	2.3	0.302	0.313	3.5	1.3

(a) Persons in the 2nd and 3rd income deciles after being ranked by their equivalised disposable household income

(b) Persons in the top income quintile (9th and 10th deciles) after being ranked by their equivalised disposable household income

The previous financial year estimates show stronger growth in real incomes between 1994-95 and 2002-03 for the high income group, compared with current income estimates. The previous financial year estimates show a greater decline in the income share of the low income group and a greater increase in the income share of the high income

group, resulting in greater growth in the Gini coefficient. For these indicators, the previous financial year estimates show a greater increase in income inequality than the current income estimates. However, the previous financial year estimates give a smaller increase in the P90/P10 and P80/P20 ratios, indicating a smaller increase in income inequality than shown by the current income estimates.

### A3. Current and previous financial year gross income(a)

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b
Wages and salaries													
Current income	na	194.7	199.3	211.6	223.6	na	251.1	268.3	na	308.4 (b)	330.1	na	387.1
Previous financial year income(c)	194.7	204.4	219.1	232.2	na	257.7	277.0	na	311.2	327.1	na	377.4	na
Government pensions and allowances													
Current income	na	34.3	36.5	38.6	39.0	na	41.2	46.5	na	49.6	56.3	na	62.0
Previous financial year income(c)	30.7	32.8	34.9	36.2	na	37.7	40.5	na	44.6	48.3	na	52.0	na
Own unincorporated business income													
Current income	na	18.8	23.2	21.4	23.6	na	28.7	27.7	na	33.2	31.2	na	39.4
Previous financial year income(c)	18.5	22.8	22.5	24.4	na	27.5	25.9	na	31.3	28.0	na	35.8	na
Investment income													
Current income	na	10.7	10.9	14.4	13.2	na	17.3	16.3	na	16.2	22.5	na	31.0
Previous financial year income(c)	10.9	11.0	14.3	13.0	na	17.3	15.7	na	16.6	19.8	na	27.9	na
Other income													
Current income	na	7.2	7.9	8.2	9.9	na	10.5	11.7	na	15.1	17.7	na	19.7
Previous financial year income(c)	6.6	7.0	7.5	8.4	na	8.5	9.7	na	13.1	16.5	na	17.8	na
Total income													
Current income	na	265.8	277.8	294.3	309.3	na	348.9	370.5	na	422.5 (b)	457.8	na	539.2
Previous financial year income(c)	261.4	278.0	298.4	314.2	na	348.7	368.8	na	416.9	439.8	na	510.8	na

na not available

(a) Historic data in the table are not adjusted for changes in the Consumer Price Index

(b) Estimates for 2003-04 have been revised to include salary sacrificed income not already included in wages and salaries

(c) Compiled from the Survey of Income and Housing (SIH) of the year following the reference year. There was no SIH conducted in 1998-99, 2001-02 or 2004-05

### A4. Income distribution indicators, Previous financial year income(a)

Person weighted indicator		1993-94	1994-95	1995-96	1996-97	1998-99	1999-2000	2001-02	2002-03	2004-05
Mean income per week(b)										
Lowest quintile	\$	182	191	197	198	201	206	204	210	218
Second quintile	\$	314	318	321	319	340	344	358	360	384
Third quintile	\$	439	437	443	447	479	481	499	502	537
Fourth quintile	\$	586	588	591	604	641	644	670	666	708
Highest quintile	\$	916	926	941	966	1 031	1 052	1 070	1 089	1 202
All persons	\$	488	492	499	507	538	545	560	565	610
Second and third deciles	\$	259	264	268	266	280	285	292	296	312
Income per week at top of selected percentiles(b)										
10th (P10)	\$	210	214	219	220	227	231	232	237	247
20th (P20)	\$	256	263	269	266	277	285	289	294	310
30th (P30)	\$	314	317	320	318	339	341	356	357	381
40th (P40)	\$	374	374	379	377	405	407	429	432	459
50th (P50)	\$	440	436	442	447	478	481	497	501	537
60th (P60)	\$	504	506	507	517	556	557	576	575	615
70th (P70)	\$	577	583	589	600	637	640	668	661	704
80th (P80)	\$	686	688	684	698	744	752	780	777	827
90th (P90)	\$	839	836	836	856	908	937	948	957	1 022
Income share										
Lowest quintile	%	7.5	7.8	7.9	7.8	7.5	7.5	7.3	7.4	7.2
Second quintile	%	12.9	12.9	12.9	12.6	12.6	12.6	12.8	12.7	12.6
Third quintile	%	18.0	17.8	17.8	17.6	17.8	17.6	17.8	17.8	17.6
Fourth quintile	%	24.0	23.9	23.7	23.8	23.8	23.6	23.9	23.5	23.2
Highest quintile	%	37.6	37.6	37.8	38.2	38.3	38.6	38.2	38.5	39.4
All persons	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Second and third deciles	%	10.6	10.7	10.8	10.5	10.4	10.5	10.4	10.5	10.2
Ratio of incomes at top of selected income percentiles										
P90/P10	ratio	4.00	3.90	3.82	3.89	4.00	4.06	4.08	4.03	4.13
P80/P20	ratio	2.68	2.62	2.54	2.62	2.68	2.64	2.70	2.64	2.67
P80/P50	ratio	1.56	1.58	1.55	1.56	1.56	1.56	1.57	1.55	1.54
P20/P50	ratio	0.58	0.60	0.61	0.60	0.58	0.59	0.58	0.59	0.58

Gini coefficient	no.	0.304	0.302	0.302	0.308	0.312	0.313	0.312	0.313	0.324
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(a) Compiled from data collected in the Survey of Income and Housing of the year following the reference years. Income is equivalised disposable household income

(b) In 2005-06 dollars, adjusted using changes in the Consumer Price Index

## Equivalised disposable household income (Appendix 3)

### APPENDIX 3 EQUIVALISED DISPOSABLE HOUSEHOLD INCOME

#### EQUIVALENCE SCALES

Equivalence scales have been devised to make adjustments to the actual incomes of households in a way that enables analysis of the relative wellbeing of households of different size and composition. For example, it would be expected that a household comprising two people would normally need more income than a lone person household if the two households are to enjoy the same standard of living.

One way of adjusting for this difference in household size might be simply to divide the income of the household by the number of people within the household so that all income is presented on a per capita basis. However, such a simple adjustment assumes that all individuals have the same resource needs if they are to enjoy the same standard of living and that there are no economies of scale derived from living together.

Various calibrations, or scales, have been devised to make adjustments to the actual incomes of households in a way that recognises differences in the needs of individuals within those households and the economies that flow from sharing resources. The scales differ in their detail and complexity but commonly recognise that the extra level of resources required by larger groups of people living together is not directly proportional to the number of people in the group. They also typically recognise that children have fewer needs than adults.

When household income is adjusted according to an equivalence scale, the equivalised income can be viewed as an indicator of the economic resources available to a standardised household. For a lone person household it is equal to household income. For a household comprising more than one person, it is an indicator of the household income that would need to be received by a lone person household to enjoy the same level of economic wellbeing as the household in question.

Alternatively, equivalised household income can be viewed as an indicator of the economic resources available to each individual in a household. The latter view underpins the calculation of income distribution measures based on numbers of people, rather than numbers of households.

#### CHOICE OF SCALE

While there has been considerable research by statistical and other agencies trying to estimate appropriate values for equivalence scales, no single standard has emerged. In theory, there are many factors which might be taken into account when devising equivalence scales, such as recognising that people in the labour force are likely to face transport and other costs that can affect their standard of living. It might also be desirable to reflect the different needs of children at different ages, and the different cost levels faced by people living in different geographic areas. On the other hand, the tastes and preferences of people vary widely, resulting in markedly different expenditure patterns between households with similar income levels and similar composition. Furthermore, it is likely that equivalence scales that appropriately adjust incomes of low income households are not as appropriate for higher income households, and vice versa. This is because the proportion of total income spent on housing tends to fall as incomes rise, and cheaper per capita housing is a major source of economies of scale that flow from people living together.

It is therefore difficult to define, estimate and use equivalence scales which take all relevant factors into account. As a result, analysts tend to use simple equivalence scales which are chosen subjectively but are nevertheless consistent with the quantitative research that has been undertaken. A major advantage of simpler scales is that they are more transparent to the user, that is, it is easier to evaluate the assumptions being made in the equivalising process.

In this publication, the 'modified OECD' equivalence scale is used. The 'modified OECD' equivalence scale has been used in more recent research work undertaken for the Organisation for Economic Co-operation and Development (OECD), has wide acceptance among Australian analysts of income distribution, and is the stated preference of key Survey of Income and Housing (SIH) users.

## DERIVATION OF EQUIVALISED INCOME

Equivalised income is derived by calculating an equivalence factor according to the chosen equivalence scale, and then dividing income by the factor.

The equivalence factor derived using the 'modified OECD' equivalence scale is built up by allocating points to each person in a household. Taking the first adult in the household as having a weight of 1 point, each additional person who is 15 years or older is allocated 0.5 points, and each child under the age of 15 is allocated 0.3 points. Equivalised household income is derived by dividing total household income by a factor equal to the sum of the equivalence points allocated to the household members. The equivalised income of a lone person household is the same as its unequivalised income. The equivalised income of a household comprising more than one person lies between the total value and the per capita value of its unequivalised income.

Equivalised household income is an indicator of the economic resources available to each member of a household. It can therefore be used for comparing the situation of individuals as well as comparing the situation of households.

When unequivalised income is negative, such as when losses incurred in a household's unincorporated business or other investments are greater than any positive income from any other sources, then equivalised income has been set to zero.

## GROSS INCOME AND EQUIVALISED DISPOSABLE INCOME

The SIH collects data on households' gross income. However, disposable income, that is, gross income less the value of income tax and Medicare levy to be paid on the gross income, is a better indicator of the resources available to a household to maintain its standard of living. Therefore, for this publication, estimates of income tax payable on gross income reported in the SIH are made by means of a tax model. The tax and Medicare estimates are subtracted from gross income to give disposable income, and the equivalence factors are applied to the estimates of disposable income. Person weighted measures of income distribution are then derived from the estimates of equivalised disposable household income. (Appendix 1 describes the difference between person weighted and household weighted measures.)

Means and medians of both gross income and equivalised disposable income are shown in some tables in this publication to allow users to see the differences between data as collected and data as standardised to facilitate income distribution analysis. The following table shows the differences in income measures when calculated from data at different stages in the progression from gross household income to person weighted equivalised disposable household income.

### A5. From gross income to person weighted equivalised disposable income

		Gross household income per week		Equivalised disposable household income per week		
			Income tax per week	Disposable household income per week	Household weighted	Person weighted
Percentile boundaries and percentile ratios						
P10	\$	282	na	279	253	274
P20	\$	450	na	443	309	340
P50	\$	1 040	na	894	546	563
P80	\$	1 938	na	1 551	873	867
P90	\$	2 535	na	1 977	1 088	1 073
P90/P10	ratio	8.99	na	7.08	4.30	3.92
P80/P20	ratio	4.30	na	3.50	2.83	2.55
Means						
All households	\$	1 305	238	1 066	633	644
One family households						
Couple family with dependent children	\$	1 902	398	1 504	672	659

One parent family with dependent children	\$	898	112	786	455	446
Couple only	\$	1 275	219	1 056	704	704
Other one family households	\$	1 616	267	1 349	680	693
Multiple family households	\$	2 018	289	1 729	605	591
Non-family households						
Lone person	\$	642	110	532	535	535
Group households	\$	1 489	268	1 221	740	747

na not available

The first column in the table above shows measures calculated from gross household income, as collected in the SIH. The next column shows estimates of income tax to be paid on gross income, with the third column giving the resultant disposable household income.

Individuals with higher incomes will normally be expected to pay higher income tax than individuals with lower incomes, but this relationship is not as strong for households. A household with relatively high income may comprise only one individual with high income or it may include a number of individuals with relatively low income. The disposable income in the first situation will be lower than that in the second situation, and will result in a reranking of the households in the formation of percentiles. Therefore a household may fall into a different percentile in an analysis of disposable income compared to an analysis of gross income.

As would be expected, the difference between disposable income and gross income increases as income levels increase. At the upper boundary of the tenth percentile (P10), there is little difference, that is, the income tax to be paid by households with the lowest levels of gross income is negligible. In contrast, there is more than \$550 per week difference between the P90 value for gross household income and the P90 value for disposable household income.

Disposable income relates to the household as a whole and the percentiles and means are calculated with respect to the numbers of households concerned. These are referred to as household weighted estimates. Equivalised disposable household income can also be household weighted (see the fourth column in the table), but since it can be viewed as a measure of the economic resources available to each individual in a household, income measures for equivalised estimates are generally based on numbers of people rather than numbers of households (see the fifth column in the table). This is referred to as person weighting and ensures that people in large households are given as much weight in the distribution as people in small households. While the ranking underlying the formation of percentiles is the same for the household and person weighted estimates, the boundaries between the percentiles differ because household weighted percentile boundaries create subgroups with equal numbers of households while person weighted percentile boundaries create subgroups with equal numbers of persons. The extent to which the boundaries differ reflects the extent to which the average household size differs between percentiles.

The person weighted estimate of P10 (\$274) is higher than the household weighted estimate of P10 (\$253). This implies that the households with the lowest rankings of equivalised disposable household income tend to comprise a lower than average number of persons. In other words, the 10% of people with the lowest income make up more than the 10% of households with the lowest income.

For lone person households, the two measures of equivalised disposable income are the same as each other (\$535) and are just a little higher than disposable income (\$532). Equivalised disposable income for lone person households is approximately the same as disposable income, because the equivalising factor for such households is 1.0. The reason for the slight difference between them is that some households have negative disposable income and their values are reset to zero before equivalising is carried out.

For all other types of household composition, equivalised disposable income is lower than disposable income, since income is adjusted to reflect household size and composition. Mean equivalised disposable income for couple only households is the same for both the household weighted and the person weighted measures since there are always two and only two persons in such households. For most other multi-person households, person weighted mean income is lower than the household weighted mean. This implies that, within each type, larger households tend to have lower equivalised household income.

## Salary sacrifice (Appendix 4)



## APPENDIX 4 SALARY SACRIFICE

### INTRODUCTION

Changes in the nature of employee remuneration in recent years led to a review of ABS measures of employee remuneration, to ensure that those measures were still relevant. Of particular interest had been the increase in the use of salary sacrifice arrangements, where pre-tax salary is exchanged for other benefits.

The outcomes of this review were presented in **Information paper: Changes to ABS Measures of Employee Remuneration** (cat. no. 6313.0) which was released on 14 November 2006. The changes outlined in the information paper mean that for the 2005-06 Survey of Income and Housing (SIH), all amounts salary sacrificed are to be included in the estimates for wages and salaries (and in estimates of income at higher levels of aggregation).

### BACKGROUND

Prior to the 2003-04 combined Household Expenditure Survey (HES) and Survey of Income and Housing (SIH), respondents in SIH were asked a set of income questions which did not explicitly guide respondents on the treatment of salary sacrifice arrangements. Some respondents may have reported these amounts indistinguishably when reporting wages and salaries, others may not have included these amounts.

In the 2003-04 HES and SIH surveys, while respondents were still asked the long standing income questions, they were also asked follow-up questions about any salary sacrifice arrangements that they had in place, and whether the amounts they had salary sacrificed had been included in their responses to the long standing income questions. Two-thirds of the total amount that was separately reported as salary sacrifice in 2003-04 had been included in respondent answers to the long standing question wording. In aggregate terms the value of salary sacrifice arrangements that had not been included in response to the long standing income questions represented less than 1% of total reported wages and salaries, and a little over one half of one percent of gross household income.

The published summary results from the 2003-04 SIH and HES collections maintained the time series measures of wages and salaries compiled using responses to the long standing income questions. However, the amounts of salary sacrifice that were reported in those surveys were included on the Confidentialised Unit Record Files (CURFs) that were released from those surveys.

### NEW TREATMENT

The 2005-06 SIH repeated the 2003-04 HES/SIH practice of asking both the long standing income questions and the follow-up questions about salary sacrificed amounts, including identifying whether or not those amounts were also included in responses to the long standing income questions.

Commencing with the publication of the 2005-06 SIH results, all amounts salary sacrificed have been included in wages and salaries estimates. This includes employer superannuation contributions made as part of a salary sacrifice arrangement (which accounted for over 40% of the total amount salary sacrificed), as well as any amounts salary sacrificed for fringe benefits and the associated Fringe Benefits Tax (FBT).

As amounts salary sacrificed are not PAYG taxable income, in deriving disposable income measures for 2005-06, the amounts that were salary sacrificed have been excluded in estimating income tax and the Medicare levy.

The 2003-04 summary results have been similarly recompiled and the revised results are included in the time series tables in this publication.

### IMPACT ON THE ESTIMATES

The changed treatment of salary sacrifice has not impacted significantly on the estimates of wages and salaries and total household income, since most of the value salary sacrificed was already in wages and salaries estimates in the 2003-04 SIH. Table A6 compares estimates for 2003-04 and 2005-06 compiled using the new and former methods.

## A6. Weekly income and salary sacrifice, New and former methods(a)

		New method (includes all sacrificed salary)			Former method			Difference in % change
		2003-04	2005-06	% change	2003-04	2005-06	% change	
Mean income per week								
Gross household income	\$	1 200	1 305	8.8	1 193	1 296	8.7	-0.1
Equivalised disposable household income	\$	585	644	10.1	580	639	10.0	-0.1
Mean salary sacrifice per week included in gross income	\$	21	29	36.2	14	20	43.7	7.5
Gini coefficient	ratio	0.297	0.307	3.5	0.294	0.304	3.5	-
Number of households using salary sacrifice arrangements	'000	701	876	25.0	..	..	..	..
Proportion of households using salary sacrifice arrangements	%	9.1	11.1	22.0	..	..	..	..

.. not applicable

- nil or rounded to zero (including null cells)

(a) In 2005-06 dollars, adjusted using changes in the Consumer Price Index

In 2005-06, the mean gross household income on the new method was \$1,305 per week. Salary sacrifice accounted for 2.2% of mean income, with a mean salary sacrifice of \$29 per week. More than one in ten households accessed salary sacrifice arrangements in 2005-06. From 2003-04 to 2005-06, the incidence of salary sacrifice by households and the mean amount salary sacrificed have increased.

In 2005-06, the Gini coefficient on the new method was 0.307, which is higher than when compiled on the former method (0.304). Including all salary sacrifice in the income estimates in 2005-06 has added 0.003 points to the 2005-06 Gini coefficient. It also added \$5 (0.8%) to mean equivalised disposable household income.

### FURTHER INFORMATION

For further information on ABS measures of employee remuneration and their impact on SIH, refer to **Information paper: Changes to ABS Measures of Employee Remuneration** (cat. no. 6313.0) or contact **Jan Gatenby** on (02) 6252 6174.

## Sampling variability (Appendix 5)

### APPENDIX 5 SAMPLING VARIABILITY

#### INTRODUCTION

The estimates in this publication are based on information obtained from the occupants of a sample of dwellings. Therefore, the estimates are subject to sampling variability and may differ from the figures that would have been produced if information had been collected for all dwellings.

One measure of the likely difference is given by the standard error (SE), which indicates the extent to which an estimate might have varied because only a sample of dwellings was included. There are about two chances in three that the sample estimate will differ by less than one SE from the figure that would have been obtained if all dwellings had been included, and about 19 chances in 20 that the difference will be less than two SEs. Another measure of the likely difference is the relative standard error (RSE), which is obtained by expressing the SE as a percentage of the estimate.

For estimates of population sizes, the size of the SE generally increases with the level of the estimate, so that the larger the estimate the larger the SE. However, the larger the sampling estimate the smaller the SE in percentage terms (RSE). Thus, larger sample estimates will be relatively more reliable than smaller estimates.

In the tables in this publication, only estimates with RSEs of 25% or less are considered reliable for most purposes. Estimates with RSEs greater than 25% but less than or equal to 50% are annotated by an asterisk to indicate they

are subject to high SEs and should be used with caution. Estimates with RSEs of greater than 50%, annotated by a double asterisk, are considered too unreliable for general use and should only be used to aggregate with other estimates to provide derived estimates with RSEs of 25% or less.

RSEs for all tables are provided. The RSEs have been derived using the group jackknife method. If needed, SEs can be calculated using the estimates and RSEs.

## COMPARATIVE ESTIMATES

### Proportions and percentages

Proportions and percentages, which are formed from the ratio of two estimates, are also subject to sampling errors. The size of the error depends on the accuracy of both the numerator and the denominator. For proportions where the denominator is an estimate of the number of households in a grouping and the numerator is the number of households in a sub-group of the denominator group, the formula for the RSE is given by:

$$RSE\% \left( \frac{X}{Y} \right) = \sqrt{[RSE\%(X)]^2 + [RSE\%(Y)]^2}$$

### Differences between estimates

The difference between survey estimates is also subject to sampling variability. An approximate SE of the difference between two estimates (x-y) may be calculated by the formula:

$$SE(x-y) = \sqrt{[SE(x)]^2 + [SE(y)]^2}$$

This approximation can generally be used whenever the estimates come from different samples, such as two estimates from different years or two estimates for two non-intersecting subpopulations in the one year. If the estimates come from two populations, one of which is a subpopulation of the other, the standard error is likely to be lower than that derived from this approximation, but there is no straightforward way of estimating how much lower.

## SIGNIFICANCE TESTING

Statistical significance testing can be undertaken to determine whether it is likely that there is a difference between two estimates from different samples. The standard error for the difference between two estimates can be calculated using the formula in the paragraph above. This standard error is used to calculate the following test statistic:

$$\frac{x-y}{SE(x-y)}$$

If the value of this test statistic is greater than 1.96 then there are 19 chances in 20 that there is a real difference in the two populations with respect to that characteristic. Otherwise, it cannot be stated with confidence that there is a real difference between the populations.

## Data Cubes (I-Note) - Data Cubes

This datacube has been re-released to correct some minor errors in the relative standard errors (RSEs) published on Thursday 2 August 2007 in Household Income and Income Distribution, Australia, 2005-06 (cat. no. 6523.0). The errors affected RSE data in Tables 7 and 12. The corrections apply to the RSEs for median gross income for the lowest net worth quintile in Table 7 and to the mean gross household income, mean equivalised disposable household income and mean household net worth in Table 12. The impact of the changes is minimal, as the majority of the RSEs decreased and the only one that increased rose by 0.4%.

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